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***Notice to Hong Kong investors:** The Issuer confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR



ZIBO CAIJIN HOLDING GROUP CO., LTD.

(淄博市财金控股集团有限公司)

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

(the “Issuer”)

CNY580,000,000 2.70 PER CENT. BONDS DUE 2029

(the “Bonds”)

(Stock Code: 85159)

Joint Global Coordinators, Lead Managers and Joint Bookrunners

**Guotai Junan
International**

**China Securities
International**

CITIC Securities

**SunRiver International
Securities Group Limited**

Joint Lead Managers and Joint Bookrunners

**China Galaxy
International**

**China Industrial Securities
International**

CMBC Capital

CMS International

Haitong International

Huatai International

**Industrial Bank Co.,
Ltd. Hong Kong
Branch**

Initial Capital Securities

Shanghai Pudong Development Bank Hong Kong Branch

Shenwan Hongyuan (H.K.)

This announcement is made by the Issuer pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of CNY580,000,000 2.70 per cent. bonds due 2029 on the SEHK dated 27 August 2026 published by the Issuer. The offering circular dated 20 August 2026 referred to therein (the “Offering Circular”) is appended to this announcement.

Notes:

1. The reference to “Zibo Caijin Holding Group Co.,Ltd.” in the auditor’s reports contained in the Offering Circular refers to the Issuer.
2. The reference to “Bei Jing Xing Hua Certified Public Accountants(Special General Partnership)” in the auditor’s reports contained in the Offering Circular refers to Beijing Xinghua Certified Public Accountants (Special General Partnership).

Hong Kong, 28 August 2026

As at the date of this announcement, the directors of the Issuer are Ms. Xue Yun (薛雲), Mr. Du Zhigang (杜志剛), Mr. Wang Xiqing (王習慶) and Ms. Zhang Hongbo (张红博).

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page, and 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 any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access.

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 described in the Offering Circular.

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

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Confirmation of Your Representation:

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Managers (as defined in the Offering Circular) and the Issuer (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer or the Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Managers or any affiliate of the Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Managers, the Trustee or the Agents (each as defined in the Offering Circular) or any person who controls any of them nor any director, officer, employee, representative, adviser nor agent of the Managers, the Trustee or the Agents or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

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Zibo Caijin Holding Group Co., Ltd.

(淄博市财金控股集团有限公司)

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

CNY580,000,000 2.70 per cent. bonds due 2029

Issue Price: 100.0 per cent.

The 2.70 per cent. bonds due 2029 in the aggregate principal amount of CNY580,000,000 (the “**Bonds**”) will be issued by Zibo Caijin Holding Group Co., Ltd. (淄博市财金控股集团有限公司) (the “**Issuer**” or the “**Company**”, collectively with its consolidated subsidiaries, the “**Group**”).

The Bonds will bear interest on their outstanding principal amount from and including 27 August 2026 (the “**Issue Date**”) at the rate of 2.70 per cent. per annum, payable semi-annually in arrear on 27 February and 27 August in each year (each an “**Interest Payment Date**”), commencing on 27 February 2027. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim and free and clear of, withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC (as defined below) or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See “*Terms and Conditions of the Bonds – Taxation*”.

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

Pursuant to the Administrative Measures for the Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (Decree No.56 of the National Development and Reform Commission) (企业中长期外债审核登记管理办法 (国家发展和改革委员会令 第 56 号)) (the “**Order 56**”), the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 25 February 2026 (the “**NDRC Certificate**”) evidencing such registration which shall be valid within its validity period. Pursuant to Order 56 and the NDRC Certificate, the Issuer undertakes that it will within 10 Registration Business Days (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents (the “**NDRC Post-Issue Filing**”) and comply with the continuing obligations within the relevant time periods prescribed by the NDRC and any implementation rules as issued by the NDRC from time to time or pursuant to relevant laws and regulations and comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, making other appropriate post-issuance disclosures, registrations and filings from time to time as required by applicable regulations issued by the NDRC).

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange (the “**SAFE**”) the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外债登记管理办法) and its operating guidelines, effective as of 13 May 2013 (Hui Fa [2013] No. 19) and revised on 4 May 2015 (“**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 120 Registration Business Days after the Issue Date), (iii) if applicable, as soon as possible upon being required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People’s Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (Yin Fa [2017] No. 9) (中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知) (银发〔2017〕9号) promulgated by the PBOC (the “**Cross Border Financing Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds.

Unless previously redeemed, or purchased or cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to 27 August 2029 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days’ notice, which shall specify the date for redemption and the names and addresses of all Paying Agents (as defined in the Terms and Conditions of the Bonds), to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any unpaid interest accrued up to (but not including) the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to giving such notice that, (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 20 August 2026 and (ii) such obligation cannot be avoided by the Issuer 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 would be obliged to pay such Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) were a payment in respect of the Bonds then due. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), each holder of Bonds (each a “**Holder**” or “**Bondholder**”) will have the right, at such Bondholder’s option, to require the Issuer to redeem all but not some only of such Bondholder’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 at 100 per cent. (in the case of a redemption for a No-Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. See “*Terms and Conditions of the Bonds – Redemption and Purchase*”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for 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 and such permission is expected to become effective on 28 August 2026. This document is for distribution to Professional Investors only.

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

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 or the Issuer or 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.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Investing in the Bonds involves certain 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.

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 45.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer or the Group. See “*Risk Factors – Risks relating to the Bonds – The PRC government shall under no circumstances have any obligations arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds*”.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Bonds are being offered only outside the United States in reliance on Regulation S. 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*”.**

The Bonds are not rated.

The denomination of the Bonds will be CNY1,000,000 each and integral multiples CNY10,000 in excess thereof. The Bonds will be represented by a global bond certificate (the “**Global Certificate**”) registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority (the “**HKMA**”) as operator (the “**Operator**”) of the Central Money Markets Unit Service (the “**CMU**”), the book-entry clearing system operated by the HKMA, on or about the Issue Date. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream**”), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator. Except in the limited circumstances described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

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China Securities International

CITIC Securities

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China Galaxy International

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CMBC Capital

CMS International

Haitong International

Huatai International

Industrial Bank Co., Ltd. Hong Kong Branch

Initial Capital Securities

Shanghai Pudong Development Bank Hong Kong Branch

Shenwan Hongyuan (H.K.)

Offering Circular dated 20 August 2026

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

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer 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.

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

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Guotai Junan Securities (Hong Kong) Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, SunRiver International Securities Group Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China Merchants Securities (HK) Co., Limited, CMBC Securities Company Limited, Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Initial Capital Securities Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, and Shenwan Hongyuan Securities (H.K.) Limited (the “**Managers**”) or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan and the PRC, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise to acquire the Bonds. Distribution of this Offering Circular to any other person other than the investors and any person retained to advise such investors with respect to their purchase is unauthorised. Each investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or 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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Group since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers 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 may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers. To the fullest extent permitted by law, the Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers do not accept any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or on their behalf in connection with the Issuer and the issue and offering of the Bonds. Each of the Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any such statement.

None of the Managers, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers undertakes to review the financial conditions or affairs of the Issuer or the Group after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Managers, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers. The Managers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that the information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers 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.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or

advisers in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER(S)) MAY OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. 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 CEASE 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 STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The 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 its 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.

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

Industry and Market Data

All non-company specific statistics and data relating to the Group’s industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. The Issuer believes that the sources of the information are appropriate for such information and the Issuer has taken reasonable care in extracting and reproducing such information. The Issuer has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers and none of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers makes any representation as to the correctness, 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. Accordingly, such information should not be unduly relied upon.

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

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose,

at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant 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 Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the book-building process for this offering. Failure to provide such information may result in that order being rejected.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains audited consolidated financial information of the Issuer as at and for the years ended 31 December 2023, 2024 and 2025, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2024 (the “**2024 Audited Consolidated Financial Statements**”) and the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2025 (the “**2025 Audited Consolidated Financial Statements**”, together with the 2024 Audited Consolidated Financial Statements, the “**Audited Consolidated Financial Statements**”). The Audited Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”). The Audited Consolidated Financial Statements have been audited by Beijing Xinghua Certified Public Accountants (Special General Partnership) (北京兴华会计师事务所(特殊普通合伙)) (“**Beijing Xinghua**”), the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants. None of the Managers nor their respective affiliates, directors, employees, agents, representatives, officers and advisers have independently verified or checked the accuracy of the Audited Consolidated Financial Statements and there can be no assurance that the information contained therein is accurate, truthful or complete. PRC GAAP differs in certain material respect from International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Differences Between PRC GAAP and IFRS*”.

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular is prepared using a number of conventions, which should be considered when reading the information contained herein. When using the term, the “**Issuer**” or the “**Company**”, Zibo Caijin Holding Group Co., Ltd. (淄博市财金控股集团有限公司) itself is being referred to, and the term the “**Group**” and words of similarity refer to Zibo Caijin Holding Group Co., Ltd. and its consolidated subsidiaries, taken as a whole. Unless otherwise specified or the context requires, references herein to “**CNY**”, “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC, references herein to “**U.S. dollars**”, “**U.S.\$**” or “**USD**” are to the lawful currency of the United States of America.

Unless otherwise specified or the context requires, in this Offering Circular, references to “**China**” and the “**PRC**” are to the People’s Republic of China and for the purpose of this Offering Circular only, exclude Taiwan, Macau and Hong Kong; references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; references to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China; and references to “**U.S.**” and the “**United States**” mean the United States of America. The “**PRC government**”, “**PRC Government**” or the “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all. This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader.

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

- “**GDP**” mean gross domestic products;
- “**MOF**” mean the Ministry of Finance of the PRC;
- “**MOFCOM**” mean the Ministry of Commerce of the PRC;
- “**NDRC**” mean the National Development and Reform Commission of the PRC;
- “**PBOC**” mean the People’s Bank of China, the central bank of the PRC;
- “**SAFE**” mean the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “**SASAC**” mean the State-owned Assets Supervision and Administration Commission of the State Council;
- “**SAT**” mean the State Administration of Taxation of the PRC;
- “**State Council**” mean the State Council of the PRC;
- “**VAT**” mean value added tax;
- “**Zibo Finance Bureau**” mean the Finance Bureau of Zibo City (淄博市财政局);
- “**Zibo Municipal Government**” mean the Municipal Government of Zibo City (淄博市人民政府); and
- “**Zibo SASAC**” mean the State-owned Assets Supervision and Administration Office of Zibo City (淄博市国有资产管理委员会办公室).

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

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

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements. The forward-looking statements contain information regarding, among other things, the Group's future operations, performance, financial conditions, expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations and projections about future events. Although the Group believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- general economic and political conditions in the PRC and globally;
- risks associated with business activities in the PRC, including but not limited to the PRC regulatory environment;
- the Group's business strategy and plan of operation;
- fluctuations in interest rates and the availability of credit;
- various business opportunities that the Group may pursue; and
- those other risks identified in the "*Risk Factors*" section of this Offering Circular.

The words "believe", "expect", "anticipate", "estimate", "intend", "plan", "seek" and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial conditions 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, profitability, planned projects and other matters as they relate to the Issuer or the Group discussed in this Offering Circular regarding matters that are not historical fact. Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove correct. The Group undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "*Risk Factors*" and elsewhere in this Offering Circular, the forward-looking statements in this Offering Circular are not and should not be construed as assurances of future performance and the Issuer's, and the Group's actual results could differ materially from those anticipated in those forward-looking statements.

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SUMMARY

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

OVERVIEW

The Group is a state-owned enterprise operating a key comprehensive financial and investment holding platform in Zibo City, Shandong Province. Established in December 2012, the Issuer is directly and 100 per cent. owned by the Zibo Finance Bureau. Since its establishment, by adopting an overall strategy of parallel development of financial and industrial business lines, integrating regional financial resources and concentrating on industrial investment in innovative fields and emerging industries such as biomedicine, artificial intelligence, enhanced manufacturing and information technology, the Group has played a strategic and supporting role in implementing the Zibo Municipal Government’s blueprint for optimising the structure of the state-owned economy and modernising the financial landscape of Zibo City.

In the past few years, the Group has formed two main business lines, including financial sector and industrial sector. As an integrated state-owned financial holding platform, the Group conducts financial investment through the Issuer and operates its other businesses by holding controlling equity interests in the relevant portfolio companies.

The Group’s operations and businesses mainly focus on four principal business segments, namely (i) public utilities, (ii) information technology application innovation, (iii) financial investment and (iv) financial services, among which the public utilities business segment is currently the most significant contributor in terms of the Group’s operating revenue. Set forth below is an overview of the principal business segments of the Group.

Industrial Sector:

- **Public Utilities.** The Group’s public utilities business can be further divided into three sub-business segments, namely (i) energy supply and sales, which is operated by Zibo Energy Group Co., Ltd. (淄博市能源集團有限公司) (“**Zibo Energy**”) and its subsidiaries, (ii) water supply, which is operated by Zibo Water Affairs Group Co., Ltd. (淄博市水務集團有限責任公司) (“**Zibo Water Affairs**”) and its subsidiaries and (iii) heat supply, which is operated by Zibo Thermal Power Group Co., Ltd. (淄博市熱力集團有限責任公司) (“**Zibo Thermal Power**”) and its subsidiaries. Energy supply and sales business constitute a major source of income for the Group. As the major public utilities service provider in Zibo City, the Group is responsible for distribution of gas, tap water and heat in most of the regions in Zibo City. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group’s public utilities business was RMB6,531.84 million, RMB5,841.41 million and RMB5,684.69 million, representing 64.22 per cent., 57.52 per cent., and 58.33 per cent. of the Group’s total operating revenue, respectively.
- **Information Technology Application Innovation.** The Group’s information technology application innovation businesses comprise (i) sales of goods and (ii) system integration and system establishment & operation. The Group’s business of sales of goods business is conducted by one of the Issuer’s subsidiaries, namely Qixin Commodity Trading (Zibo) Co., Ltd. (齊信物產(淄博)有限公司) (“**Qixin Commodity Trading**”). It mainly involves procuring propane and butane from the suppliers and selling them to local enterprises in Zibo City. Qixin Commodity Trading commenced its commodity sales business in 2022. The Group’s system integration and system establishment & operation business is operated by AI Tech FLSAY, a subsidiary of the Company. It mainly involves provision of cloud-related services and customised hardware and software solutions for various enterprises, research centres and industrial parks. During the three years ended 31 December 2025, the Group also engaged in intelligent manufacturing and provided customised logistics and warehousing services and solutions through its then subsidiary OMH Science Group Co., Ltd.

(東傑智能科技集團股份有限公司) (“**OMH Science Group**”), a company listed on the Shenzhen Stock Exchange (stock code: 300486). In August 2025, the Issuer disposed of its 99 per cent. interest in Zibo Zhanheng Hongsong Equity Investment Fund Partnership (Limited Partnership) (淄博展恒鴻松股權投資基金合夥企業(有限合夥)), who owned and controlled OMH Science Group, and ceased the operation of its intelligent logistics and warehousing system business. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group’s information technology application innovation business was RMB2,777.93 million, RMB3,211.25 million and RMB2,997.63 million, representing 27.31 per cent., 31.62 per cent., and 30.76 per cent. of the Group’s total operating revenue, respectively.

Financial Sector:

- **Financial Investment.** The Group’s financial investment business comprises (i) equity investment and (ii) fund investment. The Group conducts its financial investment business by the Issuer itself and through Zibo Qilu Venture Capital Co., Ltd. (淄博齊魯創業投資有限責任公司) (“**Qilu Venture Capital**”). The Group primarily invests in enterprises and investment funds in Zibo City and Shandong Province with focus on emerging industries to boost local economy. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group’s financial investment business was RMB173.65 million, RMB395.90 million and RMB523.98 million, respectively, representing 1.71 per cent., 3.90 per cent., and 5.38 per cent. of the Group’s total operating revenue, respectively.
- **Financial Services.** The Group’s financial services business primarily consists of (i) financial guarantee and (ii) security service. The Group carries out its financial guarantee business through Zibo Xinrun Financial Guarantee Co., Ltd. (淄博市鑫潤融資擔保有限公司) (“**Xinrun Guarantee**”) which is a policy-based guarantee company with a Financing Guarantee Business Permit (融資擔保業務經營許可證). Xinrun Guarantee mainly provides financial guarantee services to local enterprises in Zibo City. The Group conducts its security service business through Zibo Security Service Co., Ltd. (淄博市保安服務有限公司) (“**Zibo Security**”) which holds a security service qualification. Zibo Security primarily engages in providing armed escort services to financial institutions in Zibo City. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group’s financial services business was RMB384.02 million, RMB412.72 million and RMB421.22 million, representing 3.78 per cent., 4.06 per cent., and 4.32 per cent. of the Group’s total operating revenue, respectively.

Other Businesses:

The Group also conducts other businesses such as futures income, installation and connection fee income for natural gas pipelines, pipeline transportation fee income, urban infrastructure supporting fee income for water supply pipelines, and leasing service fee income. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group’s other businesses was RMB303.47 million, RMB294.74 million and RMB118.21 million, representing 2.98 per cent., 2.90 per cent., and 1.21 per cent. of the Group’s total operating revenue, respectively.

COMPETITIVE STRENGTHS

The Group believes that its success and prospects are primarily attributable to the following competitive strengths:

- Well-positioned to benefit from the geographical and strategic advantages and economic growth trends of Zibo City
- Strong support from the local governments in Zibo City
- Diversified business portfolio across multiple business segments
- Sufficient capital from diversified financing channels
- Experienced management team with sound corporate governance

BUSINESS STRATEGIES

The Group is currently committed to pursuing the below strategies:

- Continue to pursue parallel integrated development of, and leverage synergies among, its financial and industrial business lines
- Enhance business portfolio and optimise resource allocation
- Explore new financing and investment channels
- Adhere to prudent risk management with stringent risk control
- Continue to enhance management capability and improve corporate governance

RECENT DEVELOPMENTS

For details regarding the Group's recent developments, please see "*Description of the Group - Recent Developments*" included 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	Zibo Caijin Holding Group Co., Ltd. (淄博市财金控股集团有限公司).
Legal Entity Identifier of the Issuer	8368002OFA3CG3MQCW92.
Bonds	CNY580,000,000 2.70 per cent. bonds due 2029.
Issue Price	100.0 per cent.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 27 August 2026 at the rate of 2.70 per cent. per annum, payable semi-annually in arrear on 27 February and 27 August in each year (each an “ Interest Payment Date ”), commencing on 27 February 2027. If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Issue Date	27 August 2026.
Maturity Date	The Interest Payment Date falling on, or nearest to 27 August 2029.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
Status of the Bonds	The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all the Issuer’s other present and future direct, general, unconditional, unsubordinated and unsecured obligations.
Events of Default	Upon the occurrence of certain events described under Condition 9 (<i>Events of Default</i>) of the Terms and Conditions of the Bonds, the Trustee at its sole and absolute discretion may, and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer 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.
Cross-Default	The Bonds are subject to a cross-default provision in respect of

the Issuer as further described in Condition 9(c) (*Cross-Default*) of the Terms and Conditions of the Bonds.

Taxation..... All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim and free and clear of withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision thereof 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 by or within the PRC at a rate up to and including the Applicable Rate, the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such 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, subject to the exceptions described in Condition 8 (*Taxation*) of the Terms and Conditions of the Bonds. See “*Terms and Conditions of the Bonds – Taxation*”.

Final Redemption..... Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

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, which shall specify the date for redemption and the names and addresses of all Paying Agents, to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount together with any unpaid interest accrued up to (but not including) the date fixed for redemption, subject to the satisfaction of the conditions set out in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions of the Bonds. See “*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 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 at 101 per cent. (in the case of a redemption for a Change of Control) or at 100 per cent. (in the case of a redemption for a No-Registration Event) of their principal amount, together in each case with accrued interest 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 and in accordance with the Trust Deed, create and

issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Condition, for making the NDRC Post-Issue Filing, the Foreign Debt Registration, filing of the Bonds pursuant to the Cross Border Financing Circular, and any reports or notices in respect thereof) and so that the same shall be consolidated and form a single series with the outstanding Bonds; provided that such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. See “*Terms and Conditions of the Bonds – Further Issues*”.

Governing Law and Jurisdiction	The Trust Deed, the Agency Agreement 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. The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement may be brought in such courts.
Trustee.....	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
CMU Lodging and Paying Agent, Transfer Agent and Registrar.....	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 and such permission is expected to become effective on 28 August 2026.
Selling Restrictions.....	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
Clearing Systems.....	The Bonds will be represented by the Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for the Operator of the CMU, on or about the Issue Date. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator. Except in the limited circumstances described in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
CMU Instrument Number.....	BOAKFB26031.
Common Code.....	344647577.
ISIN.....	HK0001323473.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the year ended 31 December 2023 set forth below is derived from the 2024 Audited Consolidated Financial Statements, and the summary consolidated financial information of the Issuer as at and for the years ended 31 December 2024 and 2025 set forth below is derived from the 2025 Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP. The 2024 Audited Consolidated Financial Statements and the 2025 Audited Consolidated Financial Statements have been audited by Beijing Xinghua.

PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the material differences, see "Summary of Certain Differences between PRC GAAP and IFRS". Prospective investors should seek advice from their financial and tax advisors if they have doubts about the differences. Historical results are not necessarily indicative of results that may be achieved in any future period.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Issuer, including the notes thereto, included elsewhere in this Offering Circular.

Summary Consolidated Statement of Income

	Year ended 31 December		
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
	(audited)	(audited)	(audited)
I. Operating revenue	10,170,913,072.67	10,156,025,226.12	9,745,731,180.74
II. Operating costs	10,290,064,552.97	10,469,630,030.78	10,327,360,423.09
Of which: Operating costs	8,344,828,799.65	8,333,433,683.03	7,995,357,889.45
Change in insurance contract reserves, net	21,536,954.89	10,889,247.05	18,657,223.37
Tax and surcharges	121,010,019.87	120,400,129.52	133,943,647.94
Selling and distribution expenses	176,000,373.99	162,379,850.10	170,199,188.88
General and administrative expenses	856,865,831.87	878,575,291.66	821,562,271.22
Research and development expenditure	145,367,545.96	133,985,774.82	124,726,969.67
Finance expenses	624,455,026.74	829,966,054.60	1,062,913,232.56
Including: Interest expenses	735,173,222.64	991,188,321.20	1,137,283,353.28
Interest income	142,009,134.21	161,799,499.28	127,550,495.88
Add: Other income	36,011,426.49	31,859,351.73	20,716,082.24
Investment income ("-" denotes loss)	1,001,523,702.80	194,716,821.29	422,608,951.62
Including: Investment income from associates and joint ventures	159,666,496.03	131,823,705.01	128,110,677.77
Gains on derecognition of financial assets measured at amortised cost	-	-	-
Gains on net exposure hedge (loss denoted by "-")	-	-	-
Gains/losses on changes in fair values ("-" denotes loss)	-90,544,111.66	131,952,661.31	884,975,299.19
Credit impairment losses ("-" denotes loss)	-561,327,498.91	-203,450,023.86	-63,015,396.61
Asset impairment losses ("-" denotes loss)	-262,473,841.30	265,814,896.94	-43,287,287.44
Gains/losses on assets disposal ("-" denotes loss)	67,374,870.80	10,727,103.36	-3,038,983.80

III. Operating profit/ loss (“-” denotes loss).....	71,413,067.92	118,016,006.11	637,329,422.85
Add: Non-operating income	122,740,425.88	21,490,576.28	224,226,047.41
Less: Non-operating expenses	<u>29,383,292.86</u>	<u>29,704,874.61</u>	<u>16,930,649.26</u>
IV. Profit/loss before income tax (“-” denotes loss).....	164,770,200.94	109,801,707.78	844,624,821.00
Less: Income tax expenses.....	<u>60,984,755.90</u>	<u>68,321,989.38</u>	<u>338,860,204.71</u>
V. Net profit/loss (“-” denotes loss)	103,785,445.04	41,479,718.40	505,764,616.29

Summary Consolidated Balance Sheet

	As of 31 December		
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
	(audited)	(audited)	(audited)
Current assets:			
Monetary funds	8,154,753,788.40	7,384,568,929.88	8,629,658,413.53
Financial assets held for trading	183,451,387.46	256,125,349.57	254,694,778.45
Notes receivable	153,905,944.20	90,350,262.00	121,793,637.73
Accounts receivable	1,830,019,136.73	2,002,225,199.97	2,070,476,309.86
Receivables financing	4,360,296.04	16,917,037.06	453,682.26
Prepayments	1,186,834,957.87	1,458,923,086.28	1,486,570,497.29
Other receivables.....	5,783,428,757.98	7,284,293,088.57	8,333,295,701.95
Of which: Interest receivable.....	-	-	-
Dividends receivable.....	5,047,985.98	-	-
Buying back the sale of financial assets	52,060,567.32	-	-
Inventories	3,006,322,961.05	3,596,370,180.43	3,596,558,939.34
Contract assets.....	230,752,792.24	196,993,873.20	-
Assets held for sale	-	-	-
Non-current assets due within one year	83,132,631.28	98,628,158.59	79,682,179.82
Other current assets	2,079,017,707.71	3,179,677,783.75	3,417,335,690.47
Total Current Assets	22,748,040,928.28	25,565,072,949.30	27,990,519,830.70
Non-current assets:			
Debt investment	-	1,500,000,000.00	1,720,000,000.00
Long-term receivables.....	94,312,408.87	5,376,909.26	2,496,049.88
Long-term equity investments	4,564,725,705.88	4,135,628,674.83	3,828,805,403.19
Other equity instrument investments	12,978,870,345.70	12,154,979,947.36	11,564,297,928.21
Other non-current financial assets	1,922,281,610.18	2,744,585,858.14	3,647,695,456.55
Investment properties	60,023,813.83	59,874,287.22	53,706,110.20
Fixed assets	5,212,854,083.51	6,247,832,155.27	5,376,989,293.37
Construction in progress	2,706,088,992.18	1,573,268,036.50	1,439,941,587.84
Right-of-use assets	9,467,236.15	169,208,741.65	7,547,154.15
Intangible assets	2,184,158,202.79	2,152,486,904.88	2,056,507,837.87
Development expenditure	5,397,846.44	451,498.66	-
Goodwill	1,792,510,921.73	1,731,840,225.64	533,179,907.83
Long-term deferred expenses.....	41,375,680.14	67,363,287.84	64,377,636.46
Deferred income tax assets	161,649,713.33	227,443,369.43	122,663,754.90
Other non-current assets.....	183,694,740.33	227,771,479.18	489,978,901.44
Total Non-Current Assets	31,917,411,301.06	32,998,111,375.86	30,908,187,021.89
Total Assets	54,665,452,229.34	58,563,184,325.16	58,898,706,852.59
Current liabilities:			
Short-term borrowings	2,469,519,840.08	3,411,729,856.41	3,223,035,177.43
Held-for-trading financial liabilities	10,713,765.83	-	-
Notes payable	388,313,048.28	230,299,971.56	407,860,268.65
Accounts payable	2,074,983,857.36	1,774,558,476.55	870,096,780.75
Advance receipts	74,032.00	-	586,494.35
Contract liabilities	2,097,034,444.14	1,999,785,591.82	2,003,211,769.55
Employee compensation payable.....	137,353,450.26	135,060,216.07	127,889,838.94
Taxes and surcharges payable.....	174,873,385.93	171,815,118.91	147,047,099.60

Other payables.....	4,908,547,572.91	4,821,120,017.19	3,896,539,226.56
Of which: Interest payable.....	-	-	-
Dividend payable.....	49,752,000.00	80,112,000.00	66,012,000.00
Non-current liabilities maturing within one year	2,976,116,475.76	2,392,093,487.22	4,555,351,128.84
Other current liabilities	3,601,930,396.10	4,533,630,906.28	6,470,249,026.24
Total Current Liabilities	18,839,460,268.65	19,470,093,642.01	21,701,866,810.91
Non-current liabilities:			
Long-term borrowings	2,020,384,676.46	3,459,469,722.64	2,940,793,166.63
Bonds payable	9,024,529,093.06	11,368,455,772.69	10,013,974,695.59
Lease liabilities.....	9,292,598.87	124,917,746.51	10,385,196.41
Long-term payables.....	1,366,544,765.38	1,765,434,298.75	1,258,110,144.93
Accrued liabilities	337,271.94	3,796.67	9,471,296.65
Deferred income	494,576,575.73	476,683,952.81	462,779,033.65
Deferred income tax liabilities.....	1,882,408,668.98	1,621,701,076.84	1,738,063,985.74
Other non-current liabilities	1,803,987,671.22	1,504,812,500.00	1,503,737,500.01
Total Non-Current Liabilities	16,602,061,321.64	20,321,478,866.91	17,937,315,019.61
Total Liabilities.....	35,441,521,590.29	39,791,572,508.92	39,639,181,830.52
Owner's Equity:			
Paid-in capital.....	1,600,000,000.00	2,375,021,472.87	3,228,021,472.87
Other equity instruments.....	23,548,737.74	23,548,737.74	798,150,943.40
Of which: Preference shares	-	-	-
Perpetual bonds.....	-	-	798,150,943.40
Capital reserves	10,103,506,915.07	9,804,067,254.37	9,349,595,749.65
Other comprehensive income	5,497,043,562.25	4,700,754,414.13	4,329,770,396.99
Special reserves.....	47,334,072.47	56,444,507.49	65,589,318.38
General risk provision.....	7,544,576.74	7,544,576.74	7,544,576.74
Surplus reserves	21,615,448.37	27,002,602.76	41,073,794.14
Undistributed profits	-868,381,771.08	-831,070,097.21	-261,003,938.09
Total equity attributable to owners of Company	16,432,211,541.56	16,163,313,468.89	17,558,742,314.08
Minority interest.....	2,791,719,097.49	2,608,298,347.35	1,700,782,707.99
Total Owners' Equity	19,223,930,639.05	18,771,611,816.24	19,259,525,022.07
Total Liabilities and Owners' Equity	54,665,452,229.34	58,563,184,325.16	58,898,706,852.59

Summary Consolidated Statement of Cash Flows

	Year ended 31 December		
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Net cash flows from operating activities	22,559,495.46	64,585,658.53	259,976,342.66
Net cash flows from investing activities.....	-2,024,489,229.29	-2,418,072,024.13	686,190,779.75
Net cash flows from financing activities	4,381,790,951.56	1,487,127,766.63	158,331,735.65
Effect of foreign exchange rate changes on cash and cash equivalents.....	-560,870.42	-83,947.96	1,544,522.87
Net increase in cash and cash equivalents	2,379,300,347.31	-866,442,546.93	1,106,043,380.93
Add: Opening balance of cash and cash equivalents as at the beginning of the period	5,444,235,814.08	7,823,536,161.39	6,957,093,614.46
Closing balance of cash and cash equivalents as at the end of the period	7,823,536,161.39	6,957,093,614.46	8,063,136,995.39

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 businesses, financial conditions or results of operations of the Group could be materially and adversely affected by any of these risks. The Group believes that the following factors may affect its ability to fulfil its obligations under the Bonds. 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'S BUSINESS AND INDUSTRY

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

The Group's businesses and assets are highly concentrated in Shandong Province, in particular, Zibo City. Therefore, its business, financial condition, results of operations and prospects have been, and will continue to be, heavily dependent on the social conditions, local government policies and level of economic activity in Shandong Province, in particular, Zibo City.

Shandong Province and Zibo City have experienced a prolonged period of rapid economic growth. In recent years, however, there has been a slowdown in the growth of the PRC's economic development. It is difficult to predict how economic development in Shandong Province will be affected by such slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy. There can be no assurance that the level of economic development in Shandong Province will continue to grow at a rate higher than or equal to the past rate of growth, if at all. The Group may not be able to establish or invest in any new businesses outside Shandong Province in the future, and the Group expects that its future business and operations will continue to be concentrated in Shandong Province, in particular, Zibo City. If economic growth slows down, adverse changes in social conditions or local government policies arise, or the public spending and budget of the government on industrial investment decrease in Shandong Province, in particular Zibo City, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's business is subject to general economic and business cycles, and difficult conditions in the global economy may adversely affect the Group's business.

Some of the industries in which the Group operates or invests are cyclical industries. The Group's activities and results are also substantially affected by general global macro-economic conditions.

The outlook for the world economy and financial markets remains uncertain. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. The national referendum results whereby the United Kingdom voted to withdraw from the European Union on 23 June 2016 and the United Kingdom's formal withdrawal from the European Union on 31 January 2020 ("**Brexit**") have resulted in volatility in the global financial market, and are expected to create mid- to long-term economic uncertainty to the economy in the United Kingdom, the European Union and globally. In the United States, the current administration policies have created uncertainty for the global economy and financial markets. In addition, the military conflict between Russia and Ukraine has resulted in an escalated regional instability, amplified the existing geopolitical tension among Russia and other countries in the region and in the west, as well as adversely affected commodity and other financial markets and the global economic conditions. Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis, or experience a financial crisis.

Instability in the global economy may materially and adversely affect markets that the Group operates in, which

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

The Zibo Finance Bureau and the Zibo Municipal Government can exert significant influence on the Group, and, as a result, the Group may not be able to always make decisions, take actions or invest, or operate, in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits.

Given the Group's strategic role as the comprehensive financial and investment holding platform of the Zibo Municipal Government to promote the parallel development of finance and industry of Zibo City, the Group may not make decisions, take actions or invest or operate in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits. In particular, the Issuer is a state-owned enterprise directly 100 per cent. owned by the Zibo Finance Bureau and is under the supervision of the Zibo Municipal Government. Accordingly, each of the Zibo Finance Bureau and the Zibo Municipal Government is in a position to exert significant influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. In particular, the Group is required to upstream 30% of its audited net profit to the Zibo Finance Bureau on an annual basis, which may have an impact on the Group's cash retention and its ability to service the Bonds. There can be no assurance that the Zibo Finance Bureau and the Zibo Municipal Government would always take actions that are in the Group's best interests or that aim to maximise the Group's profits. The Zibo Finance Bureau and the Zibo Municipal Government may use their respective ability to influence the Group's business and strategy in a manner which is beneficial to Zibo as a whole but which may not necessarily be in the Group's best interests. The Zibo Finance Bureau and the Zibo Municipal Government may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as its projections of population and employment growth in Zibo, and any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Zibo Finance Bureau and the Zibo Municipal Government could result in a modification of the existing regulatory regime which, in turn, could have a material adverse effect on the Group's financial condition and results of operations.

PRC regulations on the administration of financing platform and fiscal debts of local governments may have a material impact on the Group's financing model, business model and business scope.

The Group's results of operations and financial condition may be affected by changes in the regulation of the PRC government concerning local government debts even though the Issuer is not on the list of local government financing platforms since June 2011 as composed by China Banking Regulatory Commission ("CBRC", which was merged with the China Insurance Regulatory Commission (中國保險監督管理委員會) to form the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) in April 2018, and was subsequently replaced by the National Financial Regulatory Administration (國家金融監督管理總局) on 18 May 2023). To strengthen the management of financing platforms and effectively prevent fiscal financial risks, the State Council issued the Notice on Strengthening Management of Financing Platform of Local Government (《國務院關於加強地方政府融資平臺公司管理有關問題的通知》) ("Circular 19") in June 2010, and the General Office of NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (《國家發展改革委辦公廳關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知》) ("Circular 2881") in November 2010. According to Circular 19, local governments at all levels must settle the existing debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (《關於加強地方政府性債務管理的意見》(國發[2014]43號)) ("Circular 43"), with the aim of controlling the significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments from incurring "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms that the relevant local governments own or control.

MOF, together with NDRC, PBOC, China Securities Regulatory Commission ("CSRC"), CBRC and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to reinforce the principles and policies set out in Circular 43 in April 2017.

The PRC government issued 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 23**”), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of the state-owned enterprises that they assist in fundraising. On 11 May 2018, 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 (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部 關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Joint Circular 706**”) was released, which reiterates the PRC government’s intention to isolate the debt of the state-owned enterprises from the relevant local government and to control the increase of local governments’ debt. In addition, the Joint Circular 706 requires companies that plan to borrow medium- and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism, and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it forbids the inclusion of public interest assets in corporate assets. See “- *Risks relating to the Bonds - The PRC government shall under no circumstances have any obligations arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds*”.

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

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

In light of the strategic importance of the Group’s businesses to Zibo City, local governments in Zibo such as the Zibo Municipal Government and the Zibo Finance Bureau have provided financial support (but not including credit support) to the Group in the form of capital injections, asset injections and equity/asset transfers at nil consideration to support the Group’s investment in, and operation of, those businesses. See “*Description of the Group — Competitive Strengths — Strong support from the local governments in Zibo City*” for further information.

There can be no assurance that such financial support will not be adjusted or terminated due to changes in government policy or otherwise. Although fiscal subsidies constituted a relatively small portion of the Group’s profit before tax, if the favourable grants and subsidies, capital injections and tax incentives or other incentives which are currently available to the Group are reduced or eliminated in the future, some of the Group’s businesses may no longer be viable, and the financial condition and results of operations of the Group may be materially and adversely affected.

The Group’s business operations require substantial capital, and the Group may not be able to obtain sufficient, or any, funds on commercially acceptable terms to finance its operations or expansion plans.

Due to the capital-intensive nature of the Group’s business operations, a substantial amount of capital, as well as ongoing funding, is required to support the Group’s business growth. For instance, as of 31 December 2023, 2024 and 2025, the Group’s other payables amounted to RMB4,908.55 million, RMB4,821.12 million and RMB3,896.54 million, respectively, representing 13.85 per cent., 12.12 per cent. and 9.83 per cent. of the Group’s total liabilities for the same periods, respectively. The Group’s business growth and working capital requirements are primarily supported by internal funding sources, bank loans and other borrowings and equity. The Group’s ability to arrange financing and the cost of such financing are dependent on numerous factors, including global economic and market conditions, interest rates, credit availability from banks or other lenders, success of the Group’s businesses, changes in the monetary policy of the PRC government with respect to bank interest rates and lending policies and the political and economic conditions in the PRC generally. In recent years, the Group’s financing scale has been expanding, and the Group has accelerated its market operation, which has increased the difficulty of the Group’s investment and financing management. Improper management of relevant projects may affect the normal operation and solvency of the Group. If the Group fails to maintain its existing and future projects on commercially acceptable terms, there can be no assurance that the Group will be able to continue to obtain adequate, or any, funding in the future on terms favourable to the Group. If sufficient financing is not available to meet the Group’s needs, or cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to refinance its existing loans, fund the operation and/or expansion of its business and the Group’s other

liquidity needs, introduce new products and services or compete effectively. As a result, the business, financial condition and results of operations of the Group would be materially and adversely affected.

The Group has substantial indebtedness and may incur additional indebtedness in the future, which could adversely affect its future strategy and operations and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations.

The Group's expansion plans require significant capital investment. The Group has relied, and expects to continue to rely, on both short-term and long-term borrowings to fund a significant portion of its capital requirements. As of 31 December 2025, the Group's short-term borrowings amounted to approximately RMB3,223.04 million and its long-term borrowings amounted to approximately RMB2,940.79 million, while the Group's monetary funds amounted to approximately RMB8,629.66 million.

The Group may incur additional indebtedness and continuing liabilities in the future, including the issuance of debt securities or entering into financing or other loan arrangements. The level of existing indebtedness and incurrence of further indebtedness could have important consequences to the Group's business, including:

- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flows from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's ability to capture investment and/or acquisition opportunities, and inhibiting its ability to grow and expand its business;
- adding to the Group's interest exposure as a proportion of its costs of doing business;
- limiting the Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reducing the Group's competitiveness compared to its competitors that have less debt; and
- increasing the costs of additional financing.

Creditors of the Issuer's subsidiaries would have a claim on the Issuer's subsidiaries' assets that would be prior to the claims of the Issuer's creditors. As a result, the payment obligations under the Issuer's indebtedness and liabilities will be effectively subordinated to all existing and future obligations of the Issuer's subsidiaries, and all claims of creditors of the Issuer's subsidiaries will have priority as to the assets of such entities over the Issuer's claims and those of its creditors.

The Group's ability to make payments on, and to refinance, its indebtedness, including the Bonds, and to fund planned capital expenditures and investments will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. The Group's businesses might not generate sufficient cash flow from operations to enable it to repay its indebtedness, including the Bonds, or to fund the Group's other liquidity needs. The Group may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of its indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service its indebtedness or obtain refinancing on terms acceptable to the Group, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group has also provided external guarantees to secure third party companies' payment obligations. As of 31 December 2025, the Group's accumulated outstanding external guarantee balance amounted to approximately RMB5,699 million, representing approximately 29.59 per cent. of the Group's net assets. In addition, the Group mortgages some of its assets to secure its borrowings. For instance, the Group has pledged some of the equity interest it holds in certain subsidiaries as credit support for some of the Group's loans. See below "*The Group has pledged some of its equity interests in certain subsidiaries*" for more details. As of 31 December 2025, the book value of the Group's restricted assets was approximately RMB2,420.43 million, accounting for around 12.57 per cent. of the Group's net assets. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts on a timely basis, the assets mortgaged or charged to secure the Group's loans may be

foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

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

Certain of the Group's existing borrowings are governed by financing agreements which contain covenants and undertakings which, amongst others, prohibit the relevant borrowers of the Group from incurring additional indebtedness unless it can satisfy certain financial metrics, granting security or entering into guarantees, transferring or disposing of any or all of its assets, changing its business or otherwise incurring indebtedness without the prior consent of the relevant lender. Such restrictions may negatively affect the ability of the relevant member of the Group to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations. The Group has obtained all requisite lender consents for issuing the Bonds. There can, however, be no assurance that the Group can obtain additional consents as and when required for any additional incurrence of indebtedness by the Group.

If the Group cannot comply with the restrictions (including restrictions on future investments) or covenants governing its existing or future debt obligations, such default may trigger the cross-default provisions of other indebtedness of the Group (including the Bonds) and result in the acceleration of the Group's payment obligations under such indebtedness. If this occurs, there can be no assurance that the Group can repay or otherwise satisfy these outstanding debt obligations. If the cash flows and capital resources of the Group are insufficient to fund its debt service obligations or liabilities, the Group may be forced to seek additional capital or seek to restructure or refinance its indebtedness, delay development of its projects or dispose of assets. These alternative measures may not succeed and may not permit the Group to meet its scheduled debt service obligations or liabilities. Absent such cash flows and capital resources, the Group could face substantial liquidity problems and might have to sell material assets to meet such obligations.

The Group has pledged some of its equity interests in certain subsidiaries.

The Group has pledged some of its equity interests in certain subsidiaries as credit support for some of the Group's loans. For example, the Issuer has pledged all the equity interest it held in AI Tech FLSAY to Zibo Branch of Bank of China Limited to secure M&A loans, which are repayable on 30 June 2028. Should there be a default under the terms of the loans for which the Group has pledged such equity interests as credit support, the relevant creditors may be entitled to enforce such pledges, and the Group could lose such equity interests. In such an event, there could be a material adverse impact on the Group's business, assets, revenue and financial condition. There can be no assurance that the Issuer will not default on any payments of interest, and ultimately principal, under its loans in the future.

The Group has significant other receivables and increasing accounts receivable, and is exposed to credit risks in respect of receivables.

As of 31 December 2023, 2024 and 2025, the Group's other receivables amounted to RMB5,783.43 million, RMB7,284.29 million and RMB8,333.30 million, respectively, representing 10.58 per cent., 12.44 per cent. and 14.15 per cent. of its total assets for the same periods, respectively. The Group's other receivables were mainly comprised of receivables incurred in connection with its investment projects (i.e. share transfer price and capital commitments) to be paid by other local state-owned enterprises, such as Zibo Qixin Industrial Investment Co., Ltd. (淄博齊信產業投資有限公司), Zibo City Asset Operation Group Co., Ltd. (淄博市城市資產運營集團有限公司) and Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd. (淄博齊魯化學工業區金銀谷投資發展有限公司). As of 31 December 2023, 2024 and 2025, the Group's accounts receivable amounted to RMB1,830.02 million, RMB2,002.23 million and RMB2,070.48 million, respectively, representing 3.35 per cent., 3.42 per cent. and 3.52 per cent. of its total assets for the same periods, respectively. Moreover, as of 31 December 2023, 2024 and 2025, the Group's long-term receivables was RMB94.31 million, RMB5.38 million and RMB2.50 million, representing 0.17 per cent., 0.01 per cent. and 0.004 per cent. of its total assets for the same periods, respectively. The Group's significant other receivables, the continuous growth of the scale of its accounts receivable and existence of long-term receivables will have an impact on the capital turnover and cash flow of the operation of the Group, and increase the possibility of bad debts, thus affecting the Group's solvency.

The Group's net cash flows from operating activities are susceptible to significant fluctuations, which could affect its results of operations.

For the years ended 31 December 2023, 2024 and 2025, the Group's net cash flows from operating activities were RMB22.56 million, RMB64.59 million and RMB259.98 million, respectively. Since there was constant and significant increase of net cash flows of the Group, there can be no assurance that the Group will not experience more fluctuation in net cash flows from its operating activities in its property development business and other businesses in the future, which could have a material adverse impact on the Group's business, financial condition and results of operations.

The Issuer is a holding company with no operations and heavily relies on its operating subsidiaries to earn profits and to provide it with funds necessary to meet its financial obligations and to pay dividends.

The Issuer is a holding company with no material direct operations other than financial investment. Its principal assets are the equity interests it directly or indirectly holds in its operating subsidiaries, which own the Group's operating assets and are the operators of the Group's businesses other than financial investment. Currently, most of the Issuer's investment projects are still at early stage and the Issuer's exit from the private companies or investment funds it invests is subject to the terms of such companies' or funds' transaction documents such as shareholders' agreement and limited partnership agreement, and thus the Issuer cannot realise much capital return from its investments at this stage. Substantially all of the Group's operating revenue and gross profits are contributed by the Group's other businesses, including financial guarantee, security service, energy supply and sales, water supply, heat supply and intelligent logistics and warehousing system and system integration and system establishment & operation businesses. In the future, due to the nature of private equity investment and fund investment, it is still uncertain whether the Issuer will achieve capital gain from its investment portfolios.

As a result, the Group's profitability still heavily relies on the performance of the Issuer's operating subsidiaries, and the Issuer is dependent on dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and to pay dividends. The Issuer's subsidiaries are legally distinct from the Issuer. There is no assurance that the subsidiaries will continue to pay dividends to the Issuer, which may have a materially adverse effect on the Group's financial condition.

The Group consists of a number of companies operating in multiple business lines, and is subject to challenges not found in companies operating in a single business line.

The Group has a number of portfolio companies operating in multiple industries and investing in a wide range of businesses and markets. As such, the Group is exposed to risks associated with multiple businesses. The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its business to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

In addition, as the Group has a number of portfolio companies, successful operation of the Group requires an effective management system. As the Group continues to grow its businesses and expand into various industries, the Group's operations may become more complex, which could increase the difficulty of implementing its management system.

The Group may provide direct funding, guarantees and other support to certain of its subsidiaries from time to time. For example, the Group may provide shareholder loans to, or act as an issuer for the borrowings of, certain subsidiaries. If a subsidiary defaults on any borrowings lent or guaranteed by the Group, the Group will not receive the repayment as planned, or the relevant lender may exercise its right under the guarantee to demand repayment from the Group. The occurrence of either of these types of events may result in a funding shortage, and may materially and adversely affect the Group's ability to provide financial support to its other subsidiaries. If the Group's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which, in turn, may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has made investments in portfolio companies that it does not control.

The Group invests in portfolio companies that it does not control. The Group's ability to manage and monitor the operations of its portfolio companies derives primarily from its contractual rights under shareholders' agreements and its shareholders' rights under the PRC Company Law or other relevant laws and regulations. Typically, the

Group manages and monitors these companies through its representation on their board of directors. The Group's inability to exercise control over these companies exposes it to inherent risks such as daily operational issues and legal non-compliance of its portfolio companies as the Group may not be in a position to resolve issues or address risks in its portfolio companies. Also, its interests may be adversely affected as a result of other shareholders' failure to perform their contractual obligations, and disagreements among shareholders over the management or future directions of these companies. In addition, when the Group acquires minority equity interests or disposes of a portion of majority equity interests in portfolio companies in a manner that results in the Group retaining a minority investment and not having control, it is subject to risk that the relevant portfolio companies may make business, financial or management decisions with which the Group does not agree, or that the majority shareholders or the management of the companies may take risks or otherwise act in a manner that does not serve the Group's interests. Also, regardless of whether the Group has control, there can be no assurance that it will not have disputes with other shareholders of its portfolio companies. In the event of such disputes, the operations of such companies may be adversely affected, and the Group may be forced to take 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 values of the Group's equity interests in companies that it does not control could decrease and its financial condition and cash flows could suffer as a result.

In addition, the Group may from time to time cooperate with local and national partners to conduct some of its business activities. The Group generally enters into such cooperation relationships where it believes it is able to benefit from the strong industry insight and experience of its partners. If any of the other equity owners or the Group's partners fail to perform their respective obligations, or otherwise breach the terms and conditions of the Group's shareholding arrangements or cooperation agreements, or if the Group has different views or strategies with its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group engages in related party transactions with its associates and joint ventures from time to time which may create potential conflicts of interest.

The Group has engaged in, and may continue to engage in, a variety of transactions with its associates and joint ventures, which may include providing guarantees. There can be no assurance that those transactions would be deemed as arm's length, or that the Group's related parties will not take actions that favour their interests over the Group's. If a borrower defaults on any borrowings guaranteed by the relevant Group's member, the relevant lender may exercise its right under the guarantee to demand repayment from the Group, which may result in a funding shortage at the Group level. The internal control regarding the management of various related party transactions can be also challenging and demanding for the Group. Failure to adequately control and manage its related party transactions could have an adverse effect on the Group's business, financial condition or results of operations.

The Group may be unsuccessful in integrating and managing current or future investments and/or acquisitions, and there are risks associated with any material acquisitions by the Group.

The Group, from time to time, considers investment and acquisition opportunities that may complement its core business portfolio and capabilities, and which assist in expanding the market share of its core business operations. For instance, in March 2021, the Group acquired 100 per cent. of the equity interest of Zibo Energy, Zibo Water Affairs, Zibo Thermal Power and Zibo Security and around 89.10 per cent. equity interest in Xinrun Guarantee at nil consideration by the Zibo SASAC, which constituted a major restructuring for the Group and brought great impact on the financial statements of the Group. Such acquisition also marked the Group's entry into the fields of public utilities, security service and financial guarantee. In the same year, the Group also acquired control over OMH Science Group and AI Tech FLSAY, through which the Group began to engage in information technology and application innovation sector. See "*Description of the Group — History and Development*" for further information. The ability of the Group's operations to grow by investments in, and/or 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/or acquisitions may also 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/or acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing investments and/or businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;

- decreases in its financial resources which may limit or reduce the Group's ordinary operating activities and increase pressure on its liquidity;
- insufficient expertise to manage its additional risk exposure;
- exposure to new laws and regulations with which the Group is not familiar, or is currently not subject to, and which may lead to increased litigation and regulatory risk;
- 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 from 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.

There is no assurance that the above difficulties would not arise and result in a material and adverse impact on the Group's business, prospects, financial condition or results of operations.

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

Also, during the course of any material acquisition transactions, the Group typically conducts due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial, legal and other risks and liabilities. When determining the consideration for any acquisition, the Group will consider various factors, including, but not limited to, the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group is unable to predict whether there will be any target suitable for acquisition or when any suitable acquisition opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests or joint venture interest as partners.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests or joint venture interest as partners. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Group may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Issuer does not have majority interests.

In addition, the Group conducts some of its business activities through one or more joint venture companies. The Group generally enters into such joint ventures where it believes it is able to benefit from the strong industry insight and experience of its partners. Typically, under such contractual arrangements, if any of the other equity owners or the Group's partners fail to perform their respective obligations or otherwise breach the terms and conditions of the Group's shareholding arrangements or joint venture agreements, or if the Group has different views or strategies from its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

Changes in the organisational structure of the Group may affect the Group's financial condition and results of operations.

The Group may undergo certain organisational restructuring from time to time, which may involve disposal by the Issuer of certain subsidiaries or affect whether certain subsidiaries of the Issuer will be consolidated in the Issuer's consolidated financial statements. There can be no assurance that any such organisational restructuring

will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Members of the Group may become listed and therefore may be subject to regulatory restrictions and listing requirements, and the Issuer's shareholding or voting interests in such subsidiaries may be diluted. The shares of one or more members of the Group may become listed on one or more stock exchanges. As a result, the entering into of certain transactions by any such member may be subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. In addition, in the event that the shares of one or more subsidiaries of the Issuer become listed on a stock exchange, the Issuer's shareholding or voting interests in such subsidiaries may be diluted. There can be no assurance that any such dilution in shareholding or voting interests will not have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may face increasing competition from existing and new market participants.

The PRC's financial investment industry has experienced substantial growth in recent years, following the rapid development of the PRC economy. The Group's major competitors include state-owned or foreign-invested companies which have a strong presence in the regions in which the Group operates. Some of the Group's competitors may benefit from the pricing, a more established business reputation, more solid business relationships with banks and government authorities, a more mature risk control mechanism, or more extensive experience than the Group. As the Group expands its presence in the PRC, the Group expects to compete with competitors from other regions, some of which have better knowledge of the target customers and the local business environment, and may enjoy stronger relationships with local banks than the Group does. If the Group is unable to maintain its current level of profitability and market share as a result of increased competition, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's risk management framework, policies and procedures and internal controls may not fully protect the Group against various risks inherent in its business.

The Group has established an internal risk management framework, policies and procedures to manage its risk exposures, primarily operational risk, compliance risk and legal risk, as well as liquidity risk. These risk management policies and procedures are based upon historical behaviours, and the Group's experience in the relevant industries. They may not be adequate or effective in managing the Group's future risk exposures, or protecting the Group against unidentified or unanticipated risks, which could be significantly greater than those indicated by the Group's historical experience. Although the Group is continuously updating these policies and procedures, it may fail to predict future risks due to rapid changes in the market and regulatory conditions, and new markets the Group enters.

Although the Group has established internal controls to ensure its risk management policies and procedures are adhered to by its employees as it conducts its business, its internal controls may not effectively prevent or detect any non-compliance of its policies and procedures, which may have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group has not identified any deficiency in the implementation of its internal control procedures, there can be no assurance that no internal control deficiencies will be identified in the future. Failure to address the Group's internal control and other deficiencies in a timely and effective manner may undermine the effectiveness of the Group's risk management system, may result in inaccuracies in the Group's financial reporting, and may also increase the potential for financial losses and non-compliance with regulations. As a result, the Group's asset quality, business, financial condition and results of operations may be materially and adversely affected.

Effective implementation of the Group's risk management and internal controls also depends on the Group's employees. There can be no assurance that such implementation will not involve human error or other mistakes, which may significantly undermine the effectiveness and performance of the Group's risk management and internal controls, resulting in a material adverse effect on the Group's business, results of operations and financial position.

The Group's various business segments are subject to extensive regulation and supervision by national, provincial and local government authorities, which may interfere with the way the Group conducts its business, and may negatively impact the Group's business and results of operations.

The Group's various business segments are subject to extensive and complex national, provincial and local laws, rules, regulations, policies and measures in relation to, among other things, capital structure, pricing and provisioning policy. For example, under the Group's financial services business, the Group is required to comply with PRC regulations concerning, inter alia, asset management, establishing and operation of a financing guarantee company and SME finance. See "*PRC Regulations*" for more information.

These laws, rules, regulations, policies and measures are issued by different central government ministries and departments, as well as provincial and local government authorities, and may be enforced by different local authorities in each province in which the Group operates. In addition, the local authorities have broad discretion in implementing and enforcing the applicable rules and regulations. As a result, there may be significant uncertainties in the interpretation and implementation of such laws, rules, regulations, policies and measures, which increases the Group's compliance burden and may potentially restrain its flexibility in conducting its business, including product innovation. The Group relies on verbal clarifications from local government authorities from time to time which may be inconsistent with the regulations concerned.

Given the complexity, uncertainty and frequent changes in the applicable laws, rules, regulations, policies and measures, including changes in their interpretation and implementation, the Group's business activities and growth may be adversely affected if the Group does not respond to the changes in a timely manner, or if it fails to fully comply with such laws, rules, regulations, policies and measures, including as a result of ambiguities in them. Non-compliance may subject the Group to sanctions by regulatory authorities, monetary penalties, or restrictions on the Group's activities, or revocation of the Group's licences, which could have a material adverse effect on the Group's business, financial condition and results of operations. As some of the laws, rules, regulations, policies and measures that the Group is subject to are relatively new, there is uncertainty regarding their interpretation and application. In addition, such laws, rules, regulations, policies and measures may change from time to time. For example, the Group's operations are affected by the PRC laws and regulations concerning private equity funds. The PRC authorities may undertake reforms of the private equity funds regulation system from time to time, which may result in changes to the tax laws and regulations that the Group is currently subject to. Given the magnitude and complexity of the laws and regulations to which the Group is subject, compliance with such laws and regulations, or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources.

In addition, there can be no assurance that new or amended laws, rules, regulations, policies or measures will not be implemented, or that the competent authorities will not change their interpretations of existing laws, rules, regulations, policies or measures in the future to impose more stringent or different requirements on the Group. To the extent the Group will not be in compliance with such laws, rules, regulations, policies or measures, the Group may be subject to rectification measures such as being ordered to change directors and senior management, or other penalties which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group requires various approvals, permits and licences to operate its businesses, and is required to satisfy applicable regulatory requirements for certain transactions.

Pursuant to the applicable laws and regulations in the PRC, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations, including but not limited to financial investment, energy supply and sales, water supply, heat supply, system integration and system establishment and operation, intelligent logistics and warehousing system design and operation, security service and financial guarantees, and satisfy applicable regulatory requirements for certain transactions such as completion of filing, registration or procedure or provision of certain reports. As at the date of this Offering Circular, some of the Group's members are in the process of applying for or will apply for the necessary qualifications that have not been obtained or have expired. There can be no assurance that the Group will be able to obtain or renew all necessary approvals, permits and licences, or satisfy applicable regulatory requirements on a timely basis or at all.

Non-compliance with the relevant laws and regulations, or failure to obtain the relevant approvals, permits and licences, could expose the Group to sanctions, fines, penalties, revocation of licence or transaction or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. In addition, there can be no assurance that the Group will not, in the future, be subject to fines or sanctions from the relevant PRC authorities due to non-compliance with its constitutive documents.

In addition, the relevant government authorities have amended the interpretation of, or enforcement of, existing laws and regulations in recent years, and may continue to amend the interpretation of, or enforcement of, existing laws and regulations or adopt new laws and regulations, or promulgate stricter laws and regulations, all of which

may materially and adversely affect the Group's financial condition and results of operations.

The Group may be subject to legal, litigation and regulatory proceedings.

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Litigation arising from any failure, injury or damage from the Group's operations may result in the relevant member of the Group being named as a defendant in lawsuits asserting large claims against such member of the Group, or may subject such member of the Group to significant regulatory penalties. These risks often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs of such defence may be significant. In market downturns, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, results of operations and prospects. As at the date of this Offering Circular, certain members of the Group are involved in litigation arising from operational disputes in the ordinary course of business, for which provisions have been recognised in accordance with applicable accounting standards. The Group believes that such litigation is not material and will not have a material adverse effect on its business, financial condition or results of operations.

In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in liabilities. Also, in the event that the Group makes any other investments or acquisitions in the future, there can be no assurance that the Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities.

While the Group believes that it offers its employees competitive compensation and is able to attract and retain qualified personnel, there can be no assurance that the Group can be successful in recruiting or retaining its key managerial personnel and employees.

The success of the Group's business depends, to a large extent, on the strategic vision of its board of directors, the continued service of key managerial personnel, including directors and key senior executives, and the ability to attract and retain highly skilled personnel. While the Group believes that it offers its employees competitive compensation and is able to attract and retain qualified personnel, there can be no assurance that the Group can be successful in recruiting or retaining its key managerial personnel and employees, in which case the Group's operations may be adversely affected. In particular, the market for qualified investment professionals is competitive. The Group's investment professionals possess extensive experience and expertise in investment, are responsible for implementing the Group's investment strategies, identifying and executing its investments, and have a valuable business network that may lead to investment opportunities. Therefore, the loss of its investment professionals could jeopardise the performance of the Group's business, which would have a material adverse effect on its business, financial condition and results of operations.

In addition, failure of any of the Group's key managerial personnel or employees to observe and perform its obligations under its service agreements, or any labour unrest that may cause disruption to the operations of the Group, and any increase in labour costs resulting from such dispute, may have a material adverse effect on the Group's results of operations and profits. Although the Group has not experienced any major labour disputes, there can be no assurance that the Group will not experience such disputes in the future.

Additionally, the Group relies on third-party contractors to carry out certain business processes, including, but not limited to, certain system development projects. As such, labour shortages or labour disputes of third-party contractors could materially and adversely affect the Group's business, prospects and results of operations. Industrial action or other labour unrest could directly or indirectly prevent or hinder the progress of the affected construction projects, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects.

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.

Following the 18th Chinese Communist Party Congress in 2012, and the wide-reaching anticorruption campaign in the PRC, the Central Leading Group for Inspection Work (the "**Inspection Leading Group**"), a coordination

body set up under the Central Committee of the Chinese Communist Party for the purpose of managing party disciplinary inspections nationwide, has dispatched inspection teams to provinces and central government organs such as ministries and state-owned enterprises, including the Issuer, in the PRC to conduct inspection work on party disciplinary enforcement.

The Group believes that none of the inspection team's findings in relation to the Issuer has any material adverse effect on the business, financial condition and results of operations of the Group. However, there can be no assurance that there will not be any further investigations or actions against the Group, its officers or employees resulting from the findings of the Inspection Leading Group or other governmental authorities, or that such investigations or actions would not affect the Group as a result.

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribery activities;
- conducting any 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 and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, or at all. In addition, it is not always possible to detect and prevent fraud and other misconduct, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

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

The Group is required to comply with applicable anti-money laundering and anti-terrorism laws as well as other related laws and regulations in the PRC. These laws and regulations require the Group, among other things, to adopt and enforce "know-your-customer" policies and procedures, and to report suspicious and large transactions to the applicable regulatory authorities. While the Group has adopted policies and procedures aimed at detecting and preventing the use of the Group's networks for money-laundering activities by terrorists and terrorist-related organisations, and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. If the Group fails to fully comply with applicable laws and regulations, the relevant government agencies have power and authority to impose fines and other penalties on the Group. In addition, the Group's business and reputation could suffer if customers or clients use the Group's services for money-laundering or illegal or improper purposes.

The Group's operations are subject to force majeure events, natural disasters, catastrophe and outbreaks of contagious diseases.

Force majeure events, natural disasters, catastrophe, outbreaks of contagious diseases or other acts of God could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects, and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are mainly based in Shandong Province, in particular, Zibo, and extended to other regions of the PRC, which is exposed to potential natural disasters including, but not limited to, earthquakes, flooding, landslides, mudslides and drought. For example, in early June 2020, heavy rains caused by the regional rainy season led to floods severely affecting large areas of southern China. Rains and floods extended to central and eastern China during July 2020 and were described as the worst since 1998. The flooding displaced many people across China and caused direct economic losses. If any of the Group's developments are damaged by these disasters or severe weather or accidents, catastrophe or other events, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these, or similar events, could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its revenues.

Some of the Group's contracts with suppliers and other counterparties have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform obligations under their contracts upon the occurrence of certain events including, but not limited to, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, or any natural disaster; all being circumstances which are beyond the control of the party claiming force majeure. If one or more of the Group's suppliers or other counterparties do not perform under their contracts for any extended period of time, due to the declaration of a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

Risks of substantial costs and liabilities are inherent in the Group's principal operations, and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. The frequency and magnitude of natural disasters seen over the past few years could have a significant impact on the capacities of the insurance market and on the costs of civil liability and damages insurance cover for the Group.

The Group's operations are also subject to outbreaks of contagious diseases, such as avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus or H1N1 influenza or variants thereof, COVID-19, or any other highly contagious disease, which may materially and adversely disrupt the Group's business operations, and consequently have an adverse effect on its financial condition and results of operations.

The Group may not have adequate insurance to cover all potential liabilities or losses.

Members of the Group maintain insurance which is consistent with market practice in the relevant industries, and in amounts that the Group believes to be adequate. However, the Group faces various risks in connection with its businesses, and may lack adequate insurance coverage, or may have no relevant insurance coverage. There can be no assurance that the insurance maintained by the Group will provide adequate coverage in all circumstances. Although each of the Group's facilities has 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. The occurrence of any such incident for which the Group is uninsured or inadequately insured may have a material adverse effect on its business, financial condition and results of operations. In addition, the Group may not always be able to obtain insurance of the type and amount the Group desires at reasonable rates.

Over time, premiums and deductibles for insurance policies may increase substantially, and certain insurance policies could become unavailable or available only for reduced amounts of coverage. If the Group was to incur significant liability for which the Group is not insured or not fully insured, such liability could have a material adverse effect on its financial position and results of operations. In addition, any claims made under any insurance policies maintained by the Group may not be paid in a timely manner, or at all, and may be insufficient if such an event were to occur.

The Group may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.

There can be no assurance that the Group will be able to identify suitable investments and acquisition targets,

complete the investments and acquisitions on satisfactory terms, or if at all, and, if any such investments and acquisitions are consummated, there can be no assurance that the Group will be able to satisfactorily integrate the acquired businesses and investments. Any failure of the Group to implement its expansion plans through investments and acquisitions could have a material adverse effect on the Group's business, financial position and results of operations, as well as its future prospects.

In addition, the Group's portfolio companies operating in different industry segments may determine that it is in their shareholders' interests to pursue new business ventures. There can be no assurance that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If the Group fails to complete such business ventures, or such ventures prove to be unsuccessful, the Group's operating segments involved may be adversely affected.

Difficult market conditions can adversely affect the Group's business in various ways, including reducing the value or performance of the investments, which could negatively impact the Group's operating revenue and cash flow, and adversely affect its financial condition.

The Group's investment business is materially affected by conditions in the financial markets and economic conditions or events in the PRC and in the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices and national and international political circumstances (including wars, terrorist acts or security operations). The Group's business and value of its investments are also affected by the performance of the companies in which the Group invests and the market conditions of the industries these companies operate in or are affected by. These factors are outside the Group's control, and may affect the level and volatility of securities prices and the liquidity and value of its investments. The Group may not be able to manage its exposure to these conditions and/or events.

The Group may be affected by (i) reduced opportunities to exit and realise value from its investments, since a lack of financing makes it more difficult for potential buyers to raise sufficient capital to purchase assets in the Group's portfolios, (ii) lower than expected returns on investments, which could cause the Group to realise diminished or no profit, and (iii) the fact that the Group may not be able to find suitable investments for it to effectively deploy capital, which could adversely affect the Group's ability to make new investments because it can generally only raise capital for a new investment following the substantial deployment of capital from the existing investment.

During periods of difficult market or economic conditions or slowdowns (which may be across one or more industries, sectors or geographies), the Group's portfolio companies may experience decreased operating revenue, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. These companies may also have difficulties in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to the Group. Negative financial results in the Group's portfolio companies may result in lower investment returns for its investment, which could materially and adversely affect its operating results and cash flow. To the extent the operating performance of such portfolio companies (as well as valuation multiples) deteriorates or does not improve, the Group may sell those assets at values that are less than it projected, or even at a loss, thereby significantly affecting the Group's performance, and, consequently, its operating results and cash flow.

Non-compliance with environmental regulations, including those to be implemented in the future, may result in material adverse effects on the Group's results of operations.

A variety of general and industry-specific environmental laws and regulations apply to the Group's operations, such as damage caused by air emissions, noise emissions, waste water discharges, waste pollution and solid and hazardous waste handling and disposal. Costs and liabilities relating to compliance with applicable environmental laws and regulations are an inherent part of the Group's system integration and system establishment & operation business. These laws can impose liability for non-compliance or clean-up liability on the generation of hazardous waste and other substances from the Group's business operations that are disposed of either on- or off-site, regardless of fault or the legality of the disposal activities. The Group may also be required to investigate and remedy contamination at its properties, or where the Group conducts operations, including contamination that was caused in whole, or in part, by previous owners of properties.

In addition, environmental laws and regulations are becoming increasingly stringent, and may, in the future, impose onerous obligations on the Group or significant penalties for non-compliance. While the Group intends to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may materially restrict the operation of its business and/or result in significant costs for the Group.

In addition to potential clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may result in closure or temporary suspension or the imposition of restrictions on the Group's operations. The Group may become involved in legal proceedings that may require it to pay fines and comply with more rigorous standards, or it may incur capital and operating expenses for environmental compliance. Third parties may sue the Group for damages and costs resulting from environmental contamination from its properties and/or production facilities. There can be no assurance that changes in laws or regulations, in particular environmental laws and regulations, will not result in the Group having to incur substantial capital expenditure to upgrade or supplement its existing facilities, or becoming subject to any fines or penalties. If the Group were to incur significant fines or penalties, or become involved in protracted litigation, or if any of its facilities were closed down or required to be temporarily suspended, or if any upgrade were required to comply with the applicable laws and regulations, then the Group's financial condition and results of operations may be adversely affected.

The profitability and growth of the Group's energy supply and sales business depends on the availability of sufficient supply of coal gas and natural gas in the PRC.

The Group's energy supply and sales business depends on the availability of sufficient supply of coal gas and natural gas in the PRC, in particular, natural gas. Global natural gas demand has grown steadily in past years. However, natural gas production in the PRC remains significantly below that of oil and coal. If the growth in demand for natural gas in the PRC cannot be met by growth in domestic production or importation from major producing countries such as Russia, the development of the natural gas industry in the PRC would be constrained, in which case the Group's growth would be materially and adversely impacted.

Gas operations entail inherent safety and environmental risks that may result in substantial liability to the Group.

Gas operations entail inherent risks, including equipment defects, malfunctions and failures, human error, accidents and natural disasters, which could result in uncontrolled flows of gas, fire, explosions, property damage, damage to the environment, personal injury and death. The location of pipelines near populated areas, including residential areas, commercial business centres, industrial sites and other public gathering places, could increase the level of damage resulting from these risks, including the loss of human life, significant damage to property, environmental damage, impairment of the Group's operations and substantial loss to the Group. The Group may incur substantial liability and costs if damages are not covered by insurance or are in excess of policy limits.

The Group relies on business licences granted by local PRC governments to operate its gas supply business in designated areas, which will expire or may be terminated early under specific circumstances or not be renewed upon expiration, and may contain restrictions on the Group's transfer of interests in the associated business.

The Group operates its gas supply business pursuant to the relevant business licences the Group has obtained or is in the process of obtaining from local PRC governments. Some business licences for the Group's gas supply business contain restrictions on its ability to transfer its interests to third parties without prior consent from the relevant local government. Furthermore, operation of gas supply business is subject to regulatory controls.

The term of validity of the gas supply business licence is three years, which shall be renewed upon expiration. Furthermore, construction of the gas supply projects must be operated pursuant to the Public Utility Construction Permission (公用事業工程施工許可證) issued by the Housing and Urban Rural Development Bureau of Zibo City (淄博市住房和城乡建设局). Although the Group has successfully acquired all the relevant business licences in gas supply business and has always operated pursuant to relevant regulations, there can be no assurance that the Group will successfully renew the business licence after its expiration in the future.

Any interruptions in the Group's operations due to suspension, damage, destruction or closure of key operational facilities could adversely affect the Group's activities.

The Group owns and/or operates a variety of key operational facilities in the PRC, such as natural gas pipelines, gas refuelling stations, heat exchange stations and heat supply connection pipelines. Any interruption in, or prolonged suspension of any part of operations at, or any damage to or destruction of such key operational facilities, or the closure of the same, could significantly affect the Group's activities. The Group's various facilities are subject to the risk of operational breakdowns or disruptions, which may result from external factors beyond the Group's control, including natural disasters, such as earthquake and tsunamis, terrorist attacks, health epidemics and labour disputes. The Group has experienced delays in completion and delivery its projects, which may materially and adversely affect its results of operation and financial condition and may also cause reputation

damage. In addition, the Group's operations could also be disrupted if any of its employees or employees of its subcontractors contracted or are thought to have contracted coronavirus or another disease that could cause an epidemic, since this could require the Group and its subcontractors to quarantine some or all of these employees and temporarily close its works sites and other facilities used for the Group's operations. In addition, any further disruption to the Group's sales activities may negatively affect their liquidity and access to capital. Operational breakdowns or disruptions may also result from industrial accidents, such as due to faulty construction, technical failures and human error, which may lead to fire, explosions or the release of harmful substances, particularly in the Group's natural gas operations. Any interruptions in the Group's operations may prevent the Group from serving its principal customers, which may, in turn, result in breach of contract, loss of revenues, or expose the Group to liability, lawsuits and damage to the Group's reputation, any of which could have an adverse effect on the Group's business, financial condition and results of operations.

The Group's heat supply business and water supply business may be affected by risks arising from the PRC government's price control regime for heat and water sales.

The prices for heat and tap water purchased from upstream suppliers and the end-user tariffs in Zibo City are determined under the price control regime implemented by the Price Bureau of Zibo City, which confines end-user tariffs to a low level and has been adjusted from time to time. As a result, the Group has limited control over the pricing of heat and tap water. If the price for heat and/or tap water fluctuates due to changes in prevailing market conditions or regulatory policies and the Group is unable to pass on the impact of the price adjustments to its customers in a timely manner, revenue, cash flows and results of operation of the Group's business will be materially and adversely affected.

The Group depends on certain key suppliers for its heat supply business and water supply business. Any significant decrease in transactions with any of them could adversely affect the Group's heat supply business and water supply business.

The Group's heat supply business and water supply business rely on a relatively small number of key suppliers, respectively. The Group's ability to retain its trades with key suppliers, and to acquire new suppliers, is important to the sustainability of its heat supply business and water supply business. However, the Group's ability to maintain its relations with such key suppliers may be limited because the suppliers typically allocate their supplies and orders to more than one counterparty to minimise their own concentration risk. Furthermore, the loss of one or more key suppliers due to the termination of business operations, shifting of their business to other suppliers, financial difficulties or reduced supply or demand of relevant goods or otherwise, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Water shortages and restrictions on the use or supply of water could adversely affect the Group's business.

In the event of water shortages, additional costs may be incurred in order to provide emergency reinforcement to supplies in areas of shortage which may adversely affect the Group's business, financial condition and results of operations. In addition, restrictions on the use or supply of water may adversely affect the Group's turnover and, in very extreme circumstances, may lead to significant compensation becoming due to customers because of interruptions to supply, both of which could adversely affect the Group's business, results of operations, profitability or financial condition.

Pollution may have adverse effects on the Group's water supply business.

Water is a resource and a raw material in the water industry, and the quality of raw water has a significant impact on water production. There has been an increase in the occurrence of water pollution in certain cities. Such water pollution is caused by various factors, including, but not limited to, the discharge of untreated sewage directly into water supply source. If the raw water is contaminated by pollutants that the Group is unable to treat, the Group will not be able to deliver its water services, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group's reputation and ability to obtain new projects may be negatively affected.

The Group relies on the creditworthiness of counter-guarantors.

As one of the Group's risk control measures, the Group normally requires counter-guarantees from the business owners and controlling persons of the borrower as well as their family members. The Group may diversify the risk of financial guarantee business through the compensation of national guarantee system and the counter-guarantors. However, the Group may not be able to locate counter-guarantors after a customer defaults, and there

can also be no assurance that these persons will have sufficient financial resources to make full payment on the default customer's behalf, or at all.

Upon a customer default, if the Group is unable to locate the corresponding counter-guarantors, or if the counter-guarantors have limited or no ability to repay, or if the loan is not backed by any counter-guarantor, the Group may have to apply for a court order to attach the assets, such as land, property and machinery, of the default customer and its counter-guarantors, if any, and resort to legal proceedings to enforce its unsecured interests against these assets. In the PRC, the procedures for applying for court orders to attach assets of another person and liquidating or otherwise realising the value of attached assets may be protracted or ultimately unsuccessful, and the enforcement process in the PRC may be difficult for legal and practical reasons. Furthermore, the defaulting customer and its counter-guarantors may have concealed, transferred or disposed of their assets beforehand, making it difficult or impossible for the Group to apply for attachment. Where the assets attached are mortgaged and registered in favour of third parties, such as a bank or another secured creditor, the Group's interests will be ranked behind these third parties, and the Group's unsecured rights may not be enforced until secured creditors are paid in full, thereby limiting the amount recovered, or even preventing the Group from benefiting from such assets.

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

The Group's intelligent logistics and warehousing system business depends on the integrity and performance of its business, accounting and other data processing systems. The Group relies heavily on the capacity and reliability of its communications, information and technology systems to support its operations, store and analyse a large amount of information, and to accurately process a vast number of transactions across various markets, and to offer services and products in a timely manner. The Group is also reliant on third-party service providers to provide such information technology services that it requires in order to operate its business from time to time. Operational risks, such as human processing errors or interruption of its data processing systems, whether caused by fire, other natural disaster or pandemic, power or telecommunications failure, act of terrorism or war or otherwise, could result in a disruption of the Group's business, liability to clients, regulatory intervention, or reputational damage, and thus materially and adversely affect the Group's business.

In particular, in the ordinary course of the Group's intelligent logistics and warehousing system business, it collects and stores sensitive data and personally identifiable information of its clients and employees in the Group's data centres and on its networks. The secure maintenance and transmission of this information is critical to its operations. In spite of the Group's security measures, its information technology and infrastructure may be vulnerable to attacks by hackers, or may be breached due to employee error, natural disasters, power failures, computer viruses, unauthorised access, malfeasance or other disruptions. Any such breach could compromise its networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, or regulatory penalties; or it could disrupt the Group's operations, damage its reputation, and cause a loss of confidence in its products and services, which could adversely affect the Group's business.

If the Group's systems cannot cope with increased demand, or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitation on its ability to monitor and manage data and risk exposures, to control financial and operation conditions, and to keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities.

Although the Group has also not experienced major system failures and delays in the past three years, there can be no assurance that the Group's systems will not experience future system failures and delays, or that the measures taken by the Group to reduce the risk of system disruptions are effective or adequate. If internet traffic and communication volume increase unexpectedly, or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

Any failure of the Group's key contractors may have an adverse effect on the Group's business.

The Group engages contractors for the provision of various services, including, but not limited to, system

integration and system establishment & operation. There can be no assurance that the services rendered by the contractors will always be satisfactory and up to the standard specified in the relevant contracts. In addition, the Group is also exposed to the risk that its contractors may require additional capital to complete an engagement in excess of the price originally tendered, and the Group may have to bear additional costs as a result. If any of the key contractors fails to perform its contractual obligations, the Group's operations, business and financial condition may be materially and adversely affected.

In addition, there is a risk that the Group may not be able to find suitable alternative contractors at commercially reasonable contract terms, if at all, if the contracts with its current contractors terminate, or its current contractors do not renew their expired contracts. This may result in delays in the completion of the Group's projects, or incurrence of additional costs, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to project development risks and cost overruns, and delays may adversely affect its results of operations.

There are a number of construction, financing, operating and other risks associated with system establishment and operation in the PRC. System projects that the Group undertakes typically require substantial capital expenditure during the establishment phase. Any of these instances could give rise to delays in the completion of the Group's system establishment and operation projects, which in turn could lead to cost overruns. Although the Group has taken measures to resume the projects, such delays can result in loss of operating revenue. In addition, as the costs for new projects have generally increased due to factors that are generally beyond the Group's control, delays may further increase such costs. Although the majority of the Group's system establishment and operation projects have been completed on schedule, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

The Group's system integration and system establishment & operation business may be adversely affected by price fluctuations of components or products.

The Group's business model for its system integration and system establishment & operation involves sourcing the required raw components or products from upstream suppliers, which are then processed by the Group using various methods and techniques, followed by on-selling and delivery of the processed products to downstream customers. Therefore, any increase in the prices of such raw components or products may increase its production costs which the Group may not be able to pass on to customers, whether partially or at all. The inability of the Group to address price fluctuations may have a negative impact on its profitability and in turn, affect its business, results of operations and financial condition.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade restrictions may materially and adversely affect our business, financial condition and results of operations.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and restrictions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labour conditions, increased duties, taxes and other costs and political instability.

The recent political tensions between the United States and China have escalated. The U.S. government has adopted various export controls targeting China-based companies. In October 2022, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") released a series of export control measures on China, including new regulations restricting the export to China of advanced computing chips, advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. In October 2023, BIS released additional rules that became effective in November 2023, expanding and strengthening export control measures to further restrict China's access to advanced computing chips and semiconductor manufacturing equipment. These measures also restrict the ability of U.S. persons to provide "support" for semiconductor manufacturing and related activities in China and may seriously affect the ability of Chinese companies to purchase or obtain certain semiconductor manufacturing equipment or advanced chips. In January 2025, BIS released an interim final rule that established licensing requirements for the export of advanced computing integrated circuits that facilitate advanced AI research and development, as well as certain AI model technology; however, this rule was rescinded in May 2025, and BIS has since adopted more permissive licensing policies for exports of certain advanced computer chips to China, though significant restrictions remain in place. These

restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the United States in the future, may impose restrictions on our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations. For example, export control restrictions on high-end chips, graphics processing units (“GPUs”) and servers could directly affect Shandong Aite Yun Xiang Information Technology Co., Ltd. (山東愛特雲翔信息技術有限公司) (“AI Tech FLSAY”), a Group-controlled entity engaged in system integration and hardware-related solutions, which relies on the upstream procurement of such products. Any disruption to its supply channels arising from geopolitical tensions or stricter U.S. export controls could drive up its procurement costs, delay supply or reduce availability of critical components, or reduce its revenue, which could, in turn, adversely affect its business stability and the Group’s overall financial performance, including its cash retention and ability to service the Bonds.

The Group’s consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

The Group’s consolidated 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 PRC GAAP and IFRS*” for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

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

The historical financial information is not intended to represent or predict the Group’s results of operations for any future periods. The Group’s future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations, and the competitive landscape of the industries in which the Group operates its businesses. The Group may also acquire businesses or companies, or dispose of its subsidiaries or assets from time to time in accordance with the Group’s business objectives. Period-to-period comparisons of the Group’s historical operating results must be evaluated in light of the impact of any such transactions.

The Group’s auditors may be subject to administrative actions and adverse regulatory decisions by relevant PRC authorities.

In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their examinations of PRC public accountants. As a result, auditors in China have been subject to more frequent examinations.

Beijing Xinghua is the Group’s independent auditor for the years ended 31 December 2023, 2024 and 2025. Beijing Xinghua is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and CSRC. In recent years, Beijing Xinghua received a few administrative penalties and regulatory actions, where the relevant PRC regulatory agencies indicated that there were certain accounting irregularities during the audit processes carried out for its client companies. Beijing Xinghua has carried out comprehensive, systematic and timely rectification, and reported the rectification to Chinese regulatory authorities in written form.

As confirmed by Beijing Xinghua, the companies involved in the administrative penalties and regulatory actions above were all unrelated to the Group, the audit work performed for the Group is not affected and the audit reports included elsewhere in this Offering Circular remain valid and effective. Beijing Xinghua also confirmed that its ability to provide comfort letters and the qualification of the auditors participating in this offering is not affected by such administrative penalties and regulatory actions.

However, there can be no assurance that the relevant PRC regulatory agencies would not carry out any review of Beijing Xinghua’s audit and/or other assurance work conducted in relation to other companies. There is no assurance that there will not be prolonged or broadened investigations conducted by the CSRC or the MOF against Beijing Xinghua, nor can there be any assurance that further negative news about Beijing Xinghua would not have a material and adverse effect on the Group.

Public corporate disclosure about the Issuer may be limited.

As the Issuer is an unlisted company, there may be less publicly available information about the Issuer than is regularly made available by public companies in certain other countries.

The Group has published and may continue to publish periodic financial information in the PRC pursuant to applicable PRC regulatory rules.

This Offering Circular contains certain discussion of financial information and certain trends in the Group's unaudited and unreviewed financial information as at and for the three months ended 31 March 2026 (the **"2026 First Quarter Financial Information"**), which has not been audited or reviewed by Beijing Xinghua, the independent auditors of the Group for the consolidated financial information as at and for the years ended 31 December 2023, 2024 and 2025, or any other independent accountants and may be subject to adjustments if audited or reviewed. For the avoidance of any doubt, the 2026 First Quarter Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular.

In addition, from time to time, the Group issues corporate bonds and short-term financing bonds in the PRC. According to applicable PRC securities regulations, the Group is required to publish its periodic financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term financing bonds. 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.

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Managers or their respective advisers.

This Offering Circular contains facts and statistics relating to the economy of the PRC, Shandong Province and Zibo City, and the industries in which the Group operates. While the Issuer has taken reasonable care to select reputable and reliable information sources, and to ensure that the facts and statistics relating to the economy of the PRC, Shandong Province and Zibo City and the industries in which the Group operates are presented accurately and extracted faithfully from such sources, such facts and statistics have not been independently verified by the Issuer, the Managers or their respective advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC.

Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate, or may not be comparable to facts and statistics produced for other economies, and should not be unduly relied upon.

RISKS RELATING TO DOING BUSINESS IN THE PRC

The Group's businesses, financial conditions, results of operations and prospects could be materially and adversely affected by slowdowns in the PRC economy.

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue is derived from its operating activities in the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Group's businesses, prospects, financial conditions and results of operations.

After rapidly growing in the past 30 years, the PRC's economy has slowed down in its growth rate since the second half of 2013, raising market concerns that the historic rapid growth may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 slowed down to 6.1 per cent. on a year-on-year basis compared to 6.6 per cent. in 2018 and 6.8 per cent. in 2017. Furthermore, due to the outbreak of COVID-19, China's GDP growth further decreased to 2.3 per cent. in 2020. In 2021, China's GDP growth surged to 8.1 per cent., which slowed down to 3.0 per cent. in 2022. The fluctuation in GDP growth adds uncertainty to future economic development. The PRC government has taken measures with the intention of promoting the economic growth in the PRC, but there can be no assurance that such measures will be effective. Other factors beyond the Group's control may also negatively affect the growth of the PRC's economy. While the PRC's GDP had a growth rate of 5.2 per cent. in 2023, 5.0 per cent. in 2024 and 5.0 per cent. in 2025, any future slowdown may create a credit-tightening environment, increase the Group's financing costs.

The future performance of China'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 and the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the Brexit and the U.S.-China trade friction have brought uncertainty to the economic conditions of the world, including but not limited to increased foreign exchange volatility and a possible economic recession involving more countries and areas. In addition, the Russo-Ukrainian conflict have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. If economic conditions in the key markets of the Group remain uncertain or deteriorate further, the Group's businesses, financial conditions and results of operations could be materially and adversely affected. See *"- Risks Relating to the Group's Business and Industry - The Group's business is subject to general economic and business cycles, and difficult conditions in the global economy may adversely affect the Group's business"*.

Any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, decrease the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government grants to the Group, any of which may result in a material and adverse effect on the Group's businesses, results of operations and financial conditions. See *"- Risks Relating to the Group's Business and Industry - The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Shandong Province, in particular, Zibo City"*.

A severe or prolonged deterioration of geopolitical environment, potential acts of terrorism, wars, threats of war and social unrest, particularly the recent Russian/Ukraine conflicts could materially and adversely affect the business, results of operations and financial condition of the Group.

The global macroeconomic environment is facing challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa, which have resulted in volatility in oil, commodity and other markets, and over the conflicts involving Russia, Ukraine and Syria. There have also been concerns on the intensified potential conflicts in relation to territorial disputes in various regions. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. A severe or prolonged deterioration of geopolitical environment, potential acts of terrorism, wars, threats of war and social unrest, particularly the recent Russian/Ukraine conflicts could materially and adversely affect the economic growth of China and thus affecting our business, results of operations and financial condition of the Group.

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

The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than four decades, the PRC Government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC Government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will materially and adversely affect its businesses, financial conditions or results of operations.

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

The Group's businesses, financial conditions and results of operations may be materially and adversely affected by:

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

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

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

Economic growth in the PRC had historically been accompanied by periods of high inflation. Increasing inflation rates were 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 government policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the prices of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material and adverse effect on the Group's businesses, financial conditions or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and slow economy. The inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could materially and adversely affect the Group's businesses, financial conditions or results of operations.

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

The Group's core business is conducted in the PRC and substantially all of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. Since 1979, the PRC Government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. The legal system in the PRC is continuing to evolve. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, where prior court decisions may be cited as reference but have limited weight as precedents. Furthermore, a large number of these written statutes and other regulations promulgated may be relatively new with a limited volume of published decisions and a lack of established practice available for reference. Accordingly, there exists uncertainties about their interpretation, implementation and enforcement, and such uncertainties may have a negative impact on the Group's businesses. The administration of PRC laws and regulations may also be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions.

The PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. The relative inexperience of the PRC's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. The Group cannot predict the effect of future legal development in the PRC, including the promulgation of new laws and regulations, changes to existing laws or regulations or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to the Group and investors in the Bonds. In addition, the PRC legal system is

based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, the Group may not be aware of its violation of these policies and rules until sometime after the violation has occurred. This may also limit the remedies available to investors and to the Group in the event of any claims or disputes with third parties.

Any litigation in the PRC may be protracted and result in substantial costs and diversion of the Group's resources and management attention. Each of these factors may have a material and adverse effect on the Group's businesses, results of operations and financial conditions and the interest of holders in the Bonds.

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

Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the directors of the Issuer and the members of its senior management of the Issuer are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Issuer or its directors or members of its senior management outside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. Pursuant to 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 (Fa Shi [2008] No.9) (最高人民法院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) (法釋[2008]9號) (the **"Choice of Court Arrangement"**) which is effective on 1 August 2008, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer, the Group's assets or the Issuer's directors or members of its senior management outside the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC.

On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the **"2019 Arrangement"**), which is effective on 29 January 2024. The 2019 Arrangement applies to judgments made on or after 29 January 2024. Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the PRC for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the Arrangement and the Judicial Interpretation. Nevertheless, the recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the PRC consider that the enforcement of such judgment is contrary to the basic principles of law of the PRC or the social and public interests of the PRC. Thus, there can be no assurance that a PRC court will recognize and enforce a judgment given by a Hong Kong court.

On 24 January 2022, Supreme People's Court promulgated Minutes of the National Symposium on Foreign-related Commercial and Maritime Trial Work of Courts (全國法院涉外商事海事審判工作座談會會議紀要) (the **"Foreign-related Minutes"**), which identifies "reciprocity" in Civil Procedure Law of the People's Republic of China. However, this identification shall be determined by the court on a case-by-case basis. Therefore, there may still be uncertainty and hurdles for investors to effect service of process against the Issuer, the Group's assets or the Issuer's directors or members of its senior management outside the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even

impossible.

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

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

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of PRC. Substantially all of the Group's revenues are denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as overseas acquisitions, and payments of its foreign currency denominated debt, if any.

Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from or registration with the SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may become unable to service its foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

Labour disruptions and the enforcement of the Labour Contract Law and other labour-related regulations in the PRC may materially and adversely affect the Group's businesses and results of operations.

As at the date of this Offering Circular, the Group has approximately 5,821 employees. Although the Group enjoys good labour relations with its employees, the Group is unable to predict the outcome of any future labour negotiations. Any conflicts with the Group's employees or contractors and/or their respective unions could have a material and adverse effect on its financial conditions and results of operations.

On 28 December 2012, the PRC Government amended the Labour Contract Law (勞動合同法), which amendment became effective on 1 July 2013. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract Law, an employer is obligated to sign an unlimited term labour contract with an employee under certain circumstances (including where the employer continues to employ the employee after two consecutive fixed term labour contracts). The employer must also pay compensation to employees if the term of a limited term labour contract expires, unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, 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 served more than one year with an employer are entitled to a paid vacation ranging from five to fifteen days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their daily salaries for each waived vacation day. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. There can be no assurance that any disputes, work stoppages or strikes will

not arise in the future.

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

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

The PRC government shall under no circumstances have any obligations arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds.

The PRC government (including the Zibo Finance Bureau, the Zibo Municipal Government and any other PRC governmental authorities or entities) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents relating to the Bonds in lieu of the Issuer or the Group. This position has been reinforced by MOF Circular 23 and Joint Circular 706. See “- Risks relating to the Group’s Business and Industry - PRC regulations on the administration of financing platform and fiscal debts of local governments may have a material impact on the Group’s financing model, business model and business scope” above.

The Issuer is a state-owned enterprise directly 100 per cent. owned by the Zibo Finance Bureau and is under the supervision of the Zibo Municipal Government. The sole shareholder of the Issuer, namely, the Zibo Finance Bureau only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government (including the Zibo Finance Bureau, the Zibo Municipal Government and any other PRC governmental authorities or entities) does not have any payment or other obligations under the Bonds. The control and ownership relationship between the Issuer and the PRC government does not necessarily correlate to, or provide assurance as to, the Issuer’s or the Group’s financial condition. The Bonds are solely to be repaid by the Issuer as an obligor under the transaction documents relating to the Bonds and as an independent legal person. The Bondholders shall have no recourse to the PRC government (including the Zibo Finance Bureau, the Zibo Municipal Government or any other PRC governmental authorities or entities) in respect of any obligation arising out of or in connection with the Bonds and the transaction documents relating to the Bonds. The repayment obligations under the Bonds remain the sole obligations of the Issuer and the Group. Therefore, investors should base their investment decision only on the financial condition of the Issuer 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.

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

On 5 January 2023, the NDRC published Order 56, which came into effect on 10 February 2023. Order 56 regulates the incurrence of medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises, denominated in local or foreign currency, and of which principal is repaid with payment of interest as agreed.

The Issuer obtained the NDRC Certificate on 25 February 2026. According to Order 56, for any enterprise failing to comply with filing and reporting requirements under Order 56, the NDRC will order such enterprise to take rectification actions within a prescribed time limit; and if the circumstances are severe or the enterprise fails to

take rectification action within the prescribed time limit, give a warning to the relevant enterprise and its principal liable person. Furthermore, conducts in violation of Order 56 committed by enterprises will be publicised on, among others, the Credit China (信用中国) website and the National Enterprise Credit Information Publicity System (国家企业信用信息公示系统). As Order 56 is a relatively new regulation, it will be subject to interpretation and application by the relevant PRC authorities, and it remains unclear what impact any non-compliance will have on the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to file or cause to be filed with the NDRC the particulars of the issue of the Bonds within the relevant prescribed timeframes after the Issue Date and to comply with the continuing obligations within the time period prescribed by the NDRC and any implementation rules as issued by the NDRC from time to time or pursuant to relevant laws and regulations.

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

In accordance with the Administrative Measures for Foreign Debt Registration (外债登记管理办法) (the “**Foreign Debt Registration**”) issued by SAFE, an issuer of foreign debts shall complete the foreign debt registration in respect of its issue of foreign debts with the local branch of SAFE in accordance with applicable laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外债登记管理操作指引) promulgated together with the Foreign Debt Registration, the Issuer is required to register its foreign debt issue within 15 PRC business days after the execution of the financing documents and to complete such registration in accordance with the Foreign Debt Registration. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period.

The Issuer has undertaken pursuant to the Terms and Conditions of the Bonds that it will file or cause to be filed the Bonds with SAFE pursuant to the Cross Border Financing Circular and implementing measures as may be promulgated from time to time, as soon as practicable and in any case as soon as requested or required by the relevant regulatory authorities and to otherwise comply with the terms of the Cross Border Financing Circular and implementing measures (if any). The filing process and the interpretation and enforcement of the Cross Border Financing Circular thus involves substantial uncertainties. It is uncertain whether the Issuer can complete the registration of the Bonds with SAFE by the registration deadline set out in the Conditions. Failure to do so may result in an acceleration of the Bonds by Bondholders pursuant to the Conditions, causing disruption to the cashflow of the Group and material adverse effects to the business and financial condition of the Group.

The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

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

If any of these events were to occur, the Issuer’s assets (as the case may be) and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

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

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

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (b) 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;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (d) 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.

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

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

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

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

The Bonds are the Issuer's unsecured obligations, and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations. As a result, claims

of secured lenders, whether senior or junior, with respect to assets securing their loans will take priority with respect to those assets. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. 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.

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

On certain dates, including but not limited to the occurrence of a Change of Control, a No-Registration Event and at maturity of the Bonds, the Issuer may and at maturity will, be required to redeem all of the Bonds. If any 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. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

Changes in interest rates may have an adverse effect on the price of the Bonds.

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

An active trading market for the Bonds may not develop.

The Bonds will be a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. The Managers are not obligated to make a market in the Bonds, and if any Manager does so, it may discontinue such market making activity at any time at its sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders 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.

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

The Bonds are denominated and payable in Renminbi. An investor who measures investment returns by reference to a currency other than Renminbi 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 the Issuer or the Group has no control. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency.

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

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("FDI"), the PBOC promulgated the Administrative Measures on

Renminbi Settlement of Foreign Direct Investment (the “**PBOC FDI Measures**”) on 13 October 2011 as part of the PBOC’s detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases, however, post-event filing with the PBOC is still necessary. On 5 June 2015, the PBOC further issued the amendment rules for the PBOC FDI Measures as well as its implementing rules, under which the registered capital verification requirement and the precondition of full contribution of the registered capital in respect of the borrowing of foreign debt denominated in Renminbi are cancelled.

On 3 December 2013, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the “**MOFCOM Circular**”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC. Effective 30 July 2017, pursuant to the Decision on Revision of the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises, the establishment and change of foreign invested enterprises, other than those subject to special administration measures, only needs to be filed with the local arm of MOFCOM. As such, the aforesaid written approval requirement regarding “Renminbi Foreign Direct Investment” set forth in the MOFCOM Circular has been replaced with a simplified record filing requirement.

The PBOC FDI Measures, the MOFCOM Circular and other PRC laws, regulations and policies in relation to the general administration of Renminbi will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under the Bonds denominated in Renminbi, the Issuer will need to source Renminbi offshore to finance such obligations under the Bonds denominated in Renminbi, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the “**Settlement Agreement**”) between the PBOC and Bank of China (Hong Kong) Limited (the “**RMB Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a “**RMB Clearing Bank**”), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises.

Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the

PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

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

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

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

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

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

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

As the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

The Bonds may be redeemed by the Issuer prior to maturity at their principal amount.

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

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

The Issuer may issue additional securities in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further bonds (see "*Terms and Conditions of the Bonds - Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary including the issuance of other securities. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

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

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

The Terms and Conditions of the Bonds also provide that the Trustee may (but shall not be obliged to), without the consent of Bondholders, agree to any modification (other than any modification relating to a Reserved Matter (as defined in the Terms and Conditions of the Bonds) of the Trust Deed, the Agency Agreement or the Terms and Conditions of the Bonds which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable 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 the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed and/or the Agency Agreement if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

The Bonds will be represented by a Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for, the HKMA as operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through, records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an “**accountholder**”).

A holder of an interest in a Global Certificate must rely on the procedures of the CMU to receive payments under the Bonds. None of the Issuer, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the CMU to appoint appropriate proxies. Similarly, holders of interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

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

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

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value-added tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (中华人民共和国企业所得税法) (the “**EIT Law**”) which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “**non-resident enterprise**” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (中华人民共和国个人所得税法) (the “**IIT Law**”), any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the MOF and the State Taxation Administration (“**STA**”) issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (财政部、国家税务总局关于全面推开营业税改征增值税试点的通知) (“**Circular 36**”), as partially revised on 11 July 2017 and 1 April 2019, which provided that business tax will completely be replaced by value-added tax from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6% on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals.

VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

Additional procedures may be required to be taken to bring English law governed matters or disputes to the

Hong Kong courts and the Bondholders 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 and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law in light of the 2019 Arrangement (see “- *Risks relating to doing business in the PRC - It may be difficult to effect service of process upon, or to enforce against, the Issuer or its directors or members of the Issuer’s senior management who reside in the PRC in connection with judgments obtained in non-PRC courts*” above), 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 deemed 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 holder’s ability to initiate a claim outside of Hong Kong will be limited.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change English law or administrative practice after the date of issue of the Bonds.

TERMS AND CONDITIONS OF THE BONDS

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

The CNY580,000,000 2.70 per cent. bonds due 2029 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Zibo Caijin Holding Group Co., Ltd. (淄博市财金控股集团有限公司) (the “**Issuer**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 27 August 2026 (the “**Issue Date**”) made between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (in such capacity, the “**Trustee**”, which expression shall include any successor trustee and all persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and the Holders (as defined below).

The Bonds are the subject of an agency agreement dated 27 August 2026 (as amended or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as CMU lodging and paying agent (in such capacity, the “**CMU Lodging and Paying Agent**”, which expression shall include any successor CMU lodging and paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the “**Registrar**” which expression shall include any successor registrar appointed from time to time in connection with the Bonds), as transfer agent (in such capacity, the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder. References herein to “**Paying Agents**” includes the CMU Lodging and Paying Agent, and “**Agents**” means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. 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 those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) by the Holders at the specified office of the CMU Lodging and Paying Agent (being as at the date of issue of the Bonds at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) following prior written request and satisfactory proof of holding and identity.

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

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 (each a “**Specified Denomination**”) in excess thereof. The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same Holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) 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, duly completed) representing it or the destruction, theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the “**Operator**”) of the Central Moneymarkets Unit Service (the “**CMU**”), and will be exchangeable for definitive Certificates only in the circumstances set out therein. The Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.*

*For so long as any of the Bonds are represented by the Global Certificate, each person who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds (the “**accountholder**”) (in which regard any certificate or other document issued by the Operator as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator as the holder of such principal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on the Bonds, the right to which shall be vested, as against the Issuer, the Trustee, the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent, the other Agents and the Operator solely in the registered holder of the Global Certificate in accordance with and subject to its terms (and the expressions “Bondholder” and (in relation to a Bond) “holder” and related expressions shall be construed accordingly).*

2. STATUS

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

3. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register of Bondholders (the “**Register**”) to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses and details of the registered accounts (as defined in Condition 7(a)(ii)) of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a Bond may be transferred (in whole or in part but in any case in a Specified Denomination) by surrendering the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate (or in the form obtainable from the Register or any Transfer Agent) duly completed and signed, at the specified office of the Registrar or the Transfer Agent and with any other evidence as the Registrar or the Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of only part 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 a Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a Holder, 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 and procedures for the time being of the Operator.

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt by the Registrar or the Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Transfer Agent or the Registrar pursuant to Condition 3(b). 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 and Certificate and evidence shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests in writing otherwise and pays in advance to the 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 3(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent (as the case may be) or the Issuer may require) in respect of any taxes, duties or other governmental charges which may be imposed in relation to such transfer; (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 (as defined in Condition 3(f)) have been complied with.

(e) Closed Periods

No Holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b); or (iv) after any such Bond has been put for redemption pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations (the “**Regulations**”) concerning transfer and registration of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available for inspection (free of charge to the Bondholders and at the Issuer’s expense) by the Registrar to any Holder who requests one in writing and provides proof of holding and identity to the satisfaction of the Registrar at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday other than public holidays).

4. COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security or other arrangements (whether or not the giving of a security is included) as shall be approved by an Extraordinary Resolution of the Bondholders.

(b) Undertakings relating to Foreign Debt Registration and applicable PRC laws

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外债登记管理办法) and its operating guidelines, effective as of 13 May 2013 and revised on 4 May 2015 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline, (iii) if applicable, as soon as possible upon being required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People’s Bank of China on Matters concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知) promulgated by the People’s Bank of China (the “**Cross Border Financing Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds.

(c) Notification to NDRC

The Issuer undertakes that it will (i) within 10 Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (Decree No.56 of the National Development and Reform Commission) (企业中长期外债审核登记管理办法 (国家发展和改革委员会令 第 56 号)) issued by the NDRC with effect from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-Issue Filing**”), (ii) within 10 Registration Business Days of the expiration date of the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企业借用外债审核登记证明) issued by the NDRC report to the NDRC the status of the foreign debt, (iii) so long as any Bond remains outstanding, within five Registration Business Days prior to the last day of January and July in each year report to the NDRC the use of proceeds, the status of and plan for the repayment of the principal and interest of the Bonds, and other requisite information and documents, and (iv) comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, making other appropriate post-issuance disclosures, registrations and filings from time to time as required by applicable regulations issued by the NDRC).

(d) Notification of Completion of the Foreign Debt Registration and the NDRC Post-Issue Filing

The Issuer shall provide the Trustee, before the relevant Registration Deadline and within ten Registration Business Days after the later of (x) the submission of the relevant NDRC Post-Issue Filing and (y) the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE) with (i) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer confirming (A) the completion of the relevant NDRC Post-Issue Filing and the Foreign Debt Registration; and (B) no Change of Control, Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred; and (ii) copies of the relevant documents evidencing the relevant NDRC Post-Issue Filing (if any) and the completion of the Foreign Debt Registration, each certified in English as being a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the “**Registration Documents**”). The Issuer shall, within ten Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (substantially in the form set out in the Trust Deed and in accordance with Condition 16) confirming the completion of the relevant NDRC Post-Issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or ensure or to assist with the NDRC Post-Issue Filing or the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any certificates, confirmations or other documents in relation to or in connection with the NDRC Post-Issue Filing or the Foreign Debt Registration and/or the Registration Documents and/or to translate or procure that any Registration Documents is translated into English or to give notice to the Bondholders confirming the completion of the NDRC Post-Issue

Filing and/or the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will furnish the Trustee with:

- (i) a Compliance Certificate (on which the Trustee may rely conclusively without any liability as to such compliance) at the same time when providing the Trustee with the Audited Financial Reports and also within 14 days of any written request therefor by the Trustee;
- (ii) one copy of the relevant Audited Financial Reports prepared in accordance with the PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants) within 180 calendar days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same (at the cost of the Issuer) translated by (x) a nationally or internationally recognised firm of independent accountants, or (y) a professional translation service provider and checked and confirmed by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to any Bondholder, the Issuer or any other person on any such translation as being a complete and accurate translation of the original); and
- (iii) one copy of the Unaudited Financial Reports prepared on a basis consistent with the Audited Financial Reports within 90 calendar days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (x) a nationally 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 in each case with a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to any Bondholder, the Issuer or any other person on any such translation as being a complete and accurate translation of the original).

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

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

(f) Definitions

In these Conditions:

“**Audited Financial Reports**” means, for a Relevant Period, the annual audited consolidated balance sheets, consolidated income statements, consolidated cash flow statement and consolidated statement of changes in shareholders’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or

intended to be read with any of them, prepared in accordance with PRC GAAP;

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

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

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

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

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

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

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

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

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

“**Relevant Indebtedness**” means any present or future indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock certificates or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

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

“**Subsidiary**” means, with respect to any person, (i) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person; or (ii) any corporation, association or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“Unaudited Financial Reports” means, for a Relevant Period, the semi-annual unaudited and reviewed or unreviewed consolidated balance sheets, consolidated income statements and consolidated cash flow statement of the Issuer, together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them (if any), prepared in accordance with PRC GAAP; and

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

5. INTEREST

The Bonds bear interest on their outstanding principal amount from and including 27 August 2026 (the **“Issue Date”**) at the rate of 2.70 per cent. per annum, payable semi-annually in arrear on 27 February and 27 August in each year (each an **“Interest Payment Date”**), commencing on 27 February 2027. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

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

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

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

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

6. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to 27 August 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, which shall specify the date for redemption and the names and addresses of all Paying Agents, to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount together with any unpaid interest accrued up to (but not including) the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any

authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 20 August 2026, and (ii) such obligation cannot be avoided by the Issuer 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 would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory of the Issuer stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer 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 has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or enquiry and without liability to any Bondholder or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

At any time following the occurrence of a Relevant Event, the Holder of any Bond will have the right (the **“Relevant Event Put Right”**), at such Holder’s option, to require the Issuer to redeem all, but not some only, of such 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 at 100 per cent. (in the case of a redemption for a No-Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the CMU Lodging and Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a **“Put Exercise Notice”**), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, within 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 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No-Registration Event) after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable.

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

- (i) the relevant Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or No-Registration Event;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and

- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

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 a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with a Relevant Event and none of them shall be liable to Bondholders, the Issuer or any other person for any loss arising from their not doing any of the foregoing. 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 and none of them shall be liable to the Bondholders or the Issuer or any other person for not doing so.

For the purpose of these Conditions:

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

- (i) the Zibo Finance Bureau (淄博市财政局) and the PRC Government Persons together cease to, directly or indirectly, hold or own 100 per cent. of the issued share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into any other person(s) unless the surviving entity (in the case of any consolidation or merger) is/are wholly-owned by PRC Government Persons, or the Issuer sells or transfers all or substantially all of its assets to any other person(s) unless such persons(s) is or is wholly owned by a Subsidiary of the Issuer or by PRC Government Persons;

“Control” means (i) the ownership, acquisition or control of at least 50.1 per cent. of the voting rights of the issued share capital of a person 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, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term **“Controlled”** has meanings correlative to the foregoing;

a **“No-Registration Event”** occurs when the Registration Condition has 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 or agency of a state (in each case, whether or not being a separate legal entity);

“PRC Government Persons” means, collectively, the central, provincial, municipal or local government of the PRC and any person directly or indirectly Controlled by the central, provincial, municipal or local government of the PRC;

“Registration Condition” means the receipt by the Trustee of the Registration Documents relating to the NDRC Post-Issue Filing and the Foreign Debt Registration as set forth in Condition 4(d);

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

- (1) there is a No-Registration Event; or
- (2) there is a Change of Control.

So long as the Bonds are represented by the Global Certificate, a Bondholder’s right to redemption of the Bonds due to a Relevant Event will be effected in accordance with the rules and procedures for the time being of the Operator.

(d) Purchase

The Issuer or any of its 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 or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(e) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or have a 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 Holders, the Issuer or any other person for not doing so.

(f) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer and its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer 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 the CMU Lodging and Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in Renminbi by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder’s “**registered account**” means the Renminbi account maintained by or on behalf of such Bondholder with a bank that processes payments in Renminbi, details of which appear on the Register at the close of business on the Record Date.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*For so long as any of the Bonds are represented by the Global Certificate, payments of interest, premium or principal will be made by the CMU to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the Operator at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means a day on which the CMU is operating and open for*

business.

Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants and the Trustee and the CMU Lodging and Paying Agent shall have no liability to the Bondholders, the Issuer, the CMU participants and the indirect participants in respect of such payment.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value 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 and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the CMU Lodging and Paying Agent or of the Registrar, on the first Payment Business Day on which the CMU Lodging and Paying Agent and the Registrar is open for business and on or following which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer in writing to the Bondholders in accordance with Condition 16.
- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering or cannot surrender its Certificate or if a transfer made in accordance with Condition 7(a) arrives in the registered account of the Bondholder after the due date for payment.
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong and the place in which the specified office of the CMU Lodging and Paying Agent is located (if presentation of the relevant Certificate is required).

8. TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim and free and clear of, withholding or deduction for or on

account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision thereof 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 by or within the PRC at a rate up to and including the aggregate rate applicable on 20 August 2026 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer 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:

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

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

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

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 6(b) and this Condition 8 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, assessments, governmental charges, deduction, 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 any Bondholder or any third party to pay such tax, duty, charges, withholding, deduction or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent 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, charges, assessments, governmental charges, deduction, withholding or other payment imposed by or in any jurisdiction.

9. EVENTS OF DEFAULT

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

An “**Event of Default**” occurs if:

- (a) **Non-Payment:** the Issuer (i) fails to pay any amount of principal of or premium (if any) on the Bonds on the due date for payment thereof or (ii) fails to pay any amount of interest on the Bonds on the due date for payment thereof and such failure continues for a period of seven days of the due date; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under or in respect of the Bonds or the Trust Deed (other than any failure to perform that gives rise to a right of redemption by the Bondholders pursuant to Condition 6(c)) which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy and not remedied within 14 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes 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 of the Issuer or any of its Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds in the aggregate U.S.\$15,000,000 or its equivalent in any other currency (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 the whole or any material part of the property, assets or revenues of the Issuer or any Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such action is not discharged within 30 days after the date thereof; or
- (f) **Insolvency:** the Issuer or any of the Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any 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 any Principal Subsidiaries, or the Issuer or any Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or another of its Subsidiaries, or (iii) in the case of a disposal of a Principal Subsidiary, on an arm's length basis where the assets of the Principal Subsidiary resulting from such disposal or the consideration received for such disposal are transferred to or otherwise vested in the Issuer and/or another of its Subsidiaries; or
- (h) **Government Intervention:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer or any Principal Subsidiaries or (ii) the Issuer or any Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (i) **Failure to Take Action:** 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 lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong or the PRC is not taken, fulfilled or done; or

- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (A) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets, as shown by its latest audited balance sheet are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries as being represented by the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (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 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 (A), (B) or (C) above of this definition;

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

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

of pro forma consolidated accounts prepared for this purpose by the Issuer;

- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, 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.

A certificate in English (substantially in the form scheduled to the Trust Deed) signed by any Authorised Signatory addressed to the Trustee, stating that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall be conclusive and binding on the Issuer, the Trustee and the Bondholders, and the Trustee shall be entitled to rely conclusively upon such certificate without further investigation or query and without liability to the Issuer, the Bondholders or any other person.

The Trustee and the Agents shall not be obliged to take any steps to ascertain whether an Event of Default or Potential Event of Default has occurred or to monitor the occurrence of any Event of Default or Potential Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10. **PRESCRIPTION**

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

11. **REPLACEMENT OF CERTIFICATES**

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

12. **MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE**

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (each, a “**Reserved Matter**”), including consideration of proposals, *inter alia*, (i) to modify the maturity date of the Bonds or

the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed). 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 (A) in writing signed by or on behalf of the Bondholders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated in such written resolution or Electronic Consent.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement and/or the Bonds which in its opinion is not materially prejudicial to the interest of the Bondholders, or may agree, without any such consent as aforesaid or (ii) any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the interests of, or be responsible for the consequences of such exercise for individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the interests of, or be responsible for the consequences of any such exercise for individual Bondholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require on behalf of the Bondholders, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may (but not obliged to), at its sole and absolute discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, and/or the Bonds, but it need not take any such actions and/or steps and/or institute any proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, 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 unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. TRUSTEE AND AGENTS

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, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee, the Agents and their respective affiliates are entitled (i) to enter into business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer, (ii) to act as trustee for the holders of any other securities or other obligations of the Issuer or any other person, as freely as if the Trustee were not appointed under the Trust Deed and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee and the Agents may accept and shall be entitled to rely conclusively without liability to Holders, the Issuer or any other person on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Holders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, 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 certificate, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction or certification, to seek directions or clarification of such directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall be entitled to rely conclusively on any such directions or clarification and shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction where the Trustee is seeking such directions, clarification or instructions from Bondholders or in the event that no such directions, clarification or instructions are received by the Trustee.

None of the Trustee or any of the Agents shall be responsible for the performance (financial or otherwise) by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as further provided in the Trust Deed (by way of written resolution or Electronic Consent).

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or to take any steps to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred or to monitor or investigate the occurrence of any Event of Default, Potential Event of Default or Relevant Event, and shall not be responsible or liable to the Issuer, the Holders 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, 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 and in accordance with the Trust Deed, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Condition, for making the NDRC Post-Issue Filing, the Foreign Debt Registration, filing of the Bonds pursuant to the Cross Border Financing Circular, and any reports or notices in respect thereof) and so that the same shall be consolidated and form a single series with the outstanding Bonds;

provided that such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

References in these Conditions to the Bonds include (unless the context requires otherwise) any further securities issued pursuant to this Condition 15. Any further securities forming a single series with the outstanding Bonds will be constituted by a deed supplemental to the Trust Deed.

16. NOTICES

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

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

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 right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

18. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Agency Agreement 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 Trust Deed, the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. The Issuer has irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has irrevocably appointed Zibo Caijin (Hong Kong) Co., Limited (淄博財金集團(香港)有限公司) at Room 1602, 16/F, Wing On Centre, 111 Connaught Road Central, Hong Kong as its authorised agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds. Such service shall be deemed completed on delivery to such process agent. If for any reason the Issuer ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and will notify 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

The Issuer has, in the Trust Deed and the Agency Agreement, waived any right to claim

sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and 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 a Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for, the HKMA as the Operator of the CMU. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the Operator.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) 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 the CMU or any additional or alternative clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and 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.

PAYMENT

Payments of interest, premium (if any) or principal will be made by the CMU to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Bonds at the close of business of the Clearing System Business Day immediately prior to the date of payment. “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

NOTICES

Any notice to the Bondholders shall be validly given by the delivery of the relevant notice to the accountholder via CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interest in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

MEETINGS

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

TRANSFERS

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of CMU, or any Alternative Clearing System and their respective participants in accordance with the rules and operating procedures of CMU or any Alternative Clearing System and their respective participants.

CANCELLATION

Cancellation of any Bond represented by the Global Certificate which is required by the Terms and Conditions of the Bonds to be cancelled will be effected by reduction in the principal amount of the Bonds in the register of Bondholders.

BONDHOLDER’S REDEMPTION

The Bondholder’s redemption option in Condition 6(c) (*Redemption for Relevant Events*) may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in that Condition.

ISSUER'S REDEMPTION

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

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is held by or on behalf of the CMU Operator, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the 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 (acting on behalf of the CMU Lodging and Paying Agent).

USE OF PROCEEDS

The gross proceeds from the offering and the sale of the Bonds pursuant to this Offering Circular is CNY580 million. The Issuer will use the net proceeds from the offering of the Bonds, after deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, for refinancing of its existing indebtedness in accordance with the NDRC Certificate.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the consolidated total debt (both current and non-current portions), total owner's equity and total capitalisation of the Group as of 31 December 2025 on an (i) actual basis and (ii) on an adjusted basis to give effect to the Bonds to be issued. The summary consolidated financial information below should be read in conjunction with the 2025 Audited Consolidated Financial Statements included elsewhere in this Offering Circular.

	As of 31 December 2025	
	Actual	As adjusted
	(RMB)	(RMB)
	(audited)	(unaudited)
Current debt:		
Short-term borrowings.....	3,223,035,177.43	3,223,035,177.43
Non-current liabilities maturing within one year	4,390,700,621.06	4,390,700,621.06
Total current debt⁽¹⁾	7,613,735,798.49	7,613,735,798.49
Non-current debt:		
Long-term borrowings.....	2,940,793,166.63	2,940,793,166.63
Bonds payable	10,013,974,695.59	10,013,974,695.59
Long-term payables	1,258,110,144.93	1,258,110,144.93
Bonds to be issued	-	580,000,000.00
Total non-current debt⁽²⁾	14,212,878,007.15	14,792,878,007.15
Total debt ⁽³⁾	21,826,613,805.64	22,406,613,805.64
Total owner's equity⁽⁴⁾	19,259,525,022.07	19,259,525,022.07
Total capitalisation⁽⁵⁾	41,086,138,827.71	41,666,138,827.71

Notes:

- (1) Total current debt represents the sum of short-term borrowings and non-current liabilities due within one year.
- (2) Total non-current debt represents the sum of long-term borrowings, bonds payable, long-term payables and bonds to be issued.
- (3) Total debt represents the sum of total current debt and total non-current debt.
- (4) Total owner's equity includes perpetual bonds with a carrying amount of RMB798,150,943.40 as at 31 December 2025, which were classified as equity in accordance with the applicable accounting standards.
- (5) Total capitalisation represents the sum of total debt and total owner's equity.

There have been no material adverse changes in the total capitalisation or total indebtedness of the Group since 31 December 2025.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a state-owned enterprise operating a key comprehensive financial and investment holding platform in Zibo City, Shandong Province. Established in December 2012, the Issuer is directly and 100 per cent. owned by the Zibo Finance Bureau. Since its establishment, by adopting an overall strategy of parallel development of financial and industrial business lines, integrating regional financial resources and concentrating on industrial investment in innovative fields and emerging industries such as biomedicine, artificial intelligence, enhanced manufacturing and information technology, the Group has played a strategic and supporting role in implementing the Zibo Municipal Government's blueprint for optimising the structure of the state-owned economy and modernising the financial landscape of Zibo City.

In the past few years, the Group has formed two main business lines, including financial sector and industrial sector. As an integrated state-owned financial holding platform, the Group conducts financial investment through the Issuer and operates its other businesses by holding controlling equity interests in the relevant portfolio companies.

The Group's operations and businesses mainly focus on four principal business segments, namely (i) public utilities, (ii) information technology application innovation, (iii) financial investment and (iv) financial services, among which the public utilities business segment is currently the most significant contributor in terms of the Group's operating revenue. Set forth below is an overview of the principal business segments of the Group.

Industrial Sector:

- **Public Utilities.** The Group's public utilities business can be further divided into three sub-business segments, namely (i) energy supply and sales, which is operated by Zibo Energy and its subsidiaries, (ii) water supply, which is operated by Zibo Water Affairs and its subsidiaries and (iii) heat supply, which is operated by Zibo Thermal Power and its subsidiaries. Energy supply and sales business constitute a major source of income for the Group. As the major public utilities service provider in Zibo City, the Group is responsible for distribution of gas, tap water and heat in most of the regions in Zibo City. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's public utilities business was RMB6,531.84 million, RMB5,841.41 million and RMB5,684.69 million, representing 64.22 per cent., 57.52 per cent., and 58.33 per cent. of the Group's total operating revenue, respectively.
- **Information Technology Application Innovation.** The Group's information technology application innovation businesses comprise (i) sales of goods and (ii) system integration and system establishment & operation. The Group's business of sales of goods business is conducted by one of the Issuer's subsidiaries, namely Qixin Commodity Trading. It mainly involves procuring propane and butane from the suppliers and selling them to local enterprises in Zibo City. Qixin Commodity Trading commenced its commodity sales business in 2022. The Group's system integration and system establishment & operation business is operated by AI Tech FLSAY, a subsidiary of the Company. It mainly involves provision of cloud-related services and customised hardware and software solutions for various enterprises, research centres and industrial parks. During the three years ended 31 December 2025, the Group also engaged in intelligent manufacturing and provided customised logistics and warehousing services and solutions through its then subsidiary OMH Science Group, a company listed on the Shenzhen Stock Exchange (stock code: 300486). In August 2025, the Issuer disposed of its 99 per cent. interest in Zibo Zhanheng Hongsong Equity Investment Fund Partnership (Limited Partnership) (淄博展恒鴻松股權投資基金合夥企業 (有限合夥)), who owned and controlled OMH Science Group, and ceased the operation of its intelligent logistics and warehousing system business. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's information technology application innovation business was RMB2,777.93 million, RMB3,211.25 million and RMB2,997.63 million, representing 27.31 per cent., 31.62 per cent., and 30.76 per cent. of the Group's total operating revenue, respectively.

Financial Sector:

- **Financial Investment.** The Group's financial investment business comprises (i) equity investment and (ii) fund investment. The Group conducts its financial investment business by the Issuer itself and through Qilu Venture Capital. The Group primarily invests in enterprises and investment funds in Zibo City and Shandong Province with focus on emerging industries to boost local economy. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial investment business was RMB173.65 million, RMB395.90 million and RMB523.98 million, respectively, representing 1.71 per cent., 3.90 per cent., and 5.38 per cent. of the Group's total operating revenue, respectively.
- **Financial Services.** The Group's financial services business primarily consists of (i) financial guarantee and (ii) security service. The Group carries out its financial guarantee business through Xinrun Guarantee, which is a policy-based guarantee company with a Financing Guarantee Business Permit (融資擔保業務經營許可證). Xinrun Guarantee mainly provides financial guarantee services to local enterprises in Zibo City. The Group conducts its security service business through Zibo Security which holds a security service qualification. Zibo Security primarily engages in providing armed escort services to financial institutions in Zibo City. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial services business was RMB384.02 million, RMB412.72 million and RMB421.22 million, representing 3.78 per cent., 4.06 per cent., and 4.32 per cent. of the Group's total operating revenue, respectively.

Other Businesses:

The Group also conducts other businesses such as futures income, installation and connection fee income for natural gas pipelines, pipeline transportation fee income, urban infrastructure supporting fee income for water supply pipelines, and leasing service fee income. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's other businesses was RMB303.47 million, RMB294.74 million and RMB118.21 million, representing 2.98 per cent., 2.90 per cent., and 1.21 per cent. of the Group's total operating revenue, respectively.

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

Business Segment	For the year ended 31 December					
	2023		2024		2025	
	Amount (RMB in millions)	Per cent.	Amount (RMB in millions)	Per cent.	Amount (RMB in millions)	Per cent.
	(audited)		(audited)		(audited)	
Industrial Sector ⁽¹⁾						
Public Utilities	6,531.84	64.22	5,841.41	57.52	5,684.69	58.33
– Energy supply and sales	4,829.15	47.48	4,189.86	41.25	4,030.85	41.36
– Water supply.....	924.78	9.09	895.26	8.82	862.53	8.85
– Heat supply.....	777.91	7.65	756.29	7.45	791.31	8.12
Information Technology Application Innovation	2,777.93	27.31	3,211.25	31.62	2,997.63	30.76
– Sales of goods	1,145.88	11.27	1,583.38	15.59	1,070.11	10.98
– Intelligent logistics and warehousing system ⁽²⁾	870.72	8.56	806.27	7.94	697.62	7.16
– System integration and system establishment & operation	761.33	7.49	821.61	8.09	1,229.89	12.62
Financial Sector ⁽¹⁾						
Financial Investment	173.65	1.71	395.90	3.90	523.98	5.38
Financial Services	384.02	3.78	412.72	4.06	421.22	4.32
– Financial guarantee	23.31	0.23	45.91	0.45	42.54	0.44

– Security service.....	360.71	3.55	366.81	3.61	378.68	3.89
Other Businesses ⁽¹⁾.....	303.47	2.98	294.74	2.90	118.21	1.21
Total	10,170.91	100.00	10,156.03	100.00	9,745.73	100.00

Note:

- (1) Some of the amounts included in the above table are subject to rounding adjustments. Consequently, the subtotal amount of the Group’s operating revenue from public utilities for the years ended 31 December 2024 and 2025 in the above table may differ from the arithmetic total for the individual items (including those from energy supply and sales, water supply and heat supply); and the total amount of the Group’s operating revenue for the year of 2024 in the above table may differ from the arithmetic total for the individual items (including those from financial investment, financial services, public utilities, information technology application innovation, and other businesses).
- (2) The Group conducted this business through OMH Science Group, which was disposed of by the Group in August 2025. Following such disposal, the Group no longer operates the intelligent logistics and warehousing system business.

COMPETITIVE STRENGTHS

The Group believes that the competitive strengths outlined below are important to its success and future development:

Well-positioned to benefit from the geographical and strategic advantages and economic growth trends of Zibo City

The Group believes that its business success and growth potential are largely attributable to the economic strength and the growing competitiveness of Zibo City, where the Group undertakes important projects and conducts its business.

Zibo City is one of the major cities in Shandong Province. It administers five districts and three counties with a total area of 5,965 square kilometres. As at 31 December 2025, it has a total population of approximately 4.61 million, of which the urban population accounts for approximately 76.85 per cent. Located in the middle of Shandong Province in East China and flanked by the Yellow River, Zibo enjoys a geographical advantage and convenient transportation. With several highways such as Jinan-Qingdao Highway (濟青高速公路) and Binzhou-Laiwu Highway (濱萊高速公路), and railways such as Qingdao-Jinan Railway (膠濟鐵路), Watang-Rizhao Railway (晉豫魯鐵路) and Shouguang-Zouping Railway (壽平鐵路) passing through it, Zibo City has long served as a crucial transportation hub in Shandong Province.

As a city with solid industry foundation, historically, Zibo City was an important industrial city in Shandong Province and East China, focusing on traditional and heavily polluting industries. Over the past ten years, by implementing industrial restructuring and supporting technology innovation, Zibo City has been navigating towards a development model driven by new growth engines, transforming traditional industries into those that are efficient and environmentally friendly, whilst fostering various emerging business sectors such as new materials, intelligent equipment, new medicine and electronic technology, and attracting a number of high-tech enterprises to the city. According to the Statistic Bureau of Zibo City (淄博市統計局), in 2025, Zibo City’s GDP amounted to RMB508.89 billion, representing an increase of 5.6 per cent. as compared to 2024.

Leveraging its strategic position as one of the predominant state-owned enterprises in Zibo City, the Group is well-positioned to benefit from current favourable trends and the strong momentum of economic growth of Zibo City.

Strong support from the local governments in Zibo City

In recent years, to facilitate the implementation of the “Two-Wheel Drive” strategy, the Zibo Municipal Government has promulgated and implemented various policies to promote the high-quality development of Zibo City’s finance and industry. Leverage the city’s solid industrial foundation, the Zibo Municipal Government has

been seeking to build a regional financial highland for scientific and technological innovation as well as industrial upgrade by supporting cluster development of financial and fund institutions in Zibo City and focusing on venture capital investment in the “four new competent industries”, namely new materials, intelligent equipment manufacturing, new medicine and electronic information.

Against such backdrop, the Group was set up for the purpose of implementing the “finance” and “industry” two-wheel-driven strategy of the Zibo Municipal Government. As the primary entity utilising state-owned capital to operate the key financial holding platform in Zibo City, the Group has received strong support (excluding credit support) from the local governments in Zibo City such as the Zibo Municipal Government and the Zibo Finance Bureau since its establishment, including capital injection and asset injection consideration.

- *Capital Injection.* As a state-owned enterprise 100 per cent. owned by the local government (whether directly or indirectly), since its establishment, the Group has received substantial amount of capital contributions from its sole shareholder. See “- History and Development” for further information. In 2023, 2024 and 2025, the Zibo Finance Bureau made capital contributions to the Group by increasing its paid-in capital by RMB0.5 billion, RMB0.78 billion and RMB0.85 billion, respectively.
- *Asset Injection.* With the approval of the Zibo Municipal Government, in 2021, five municipal state-owned enterprises, namely Zibo Energy, Zibo Water Affairs, Zibo Thermal Power, Zibo Security and Xinrun Guarantee were merged or transferred into the Group at nil consideration. The total book value of the equity interest of these five companies being transferred amounted to approximately RMB6.50 billion. Upon completion of such transfers, the Group expanded its business in new areas, including public utilities and financial services. See “- History and Development” for further information. Furthermore, in 2022, pursuant to the Notice on Transfer of the Equity Interest of Zibo Qilu Venture Capital Co., Ltd. (Zi Cai Jin Jian [2022] No.5) (關於劃轉淄博齊魯創業投資有限責任公司股權的通知 (淄財金監[2022]5號)) issued by the Zibo Finance Bureau on 24 May 2022, the Zibo Finance Bureau transferred its direct 69.82 per cent. equity interest it held in Qilu Venture Capital to the Group with nil consideration. The relevant registration procedures were completed in June 2022. Upon completion, Qilu Venture Capital has been incorporated into the Group’s consolidated financial statements. Qilu Venture Capital is a venture capital investment management company with state-owned background which is primarily engaged in investment in emerging industries. The acquisition of Qilu Venture Capital was made as part of the Zibo Municipal Government’s and the Zibo Finance Bureau’s strategic goals of financial resource integration and also strengthened the Group’s financial investment capabilities.

The strong support from the local governments in Zibo City, coupled with the Group’s strong relationship with the Zibo Municipal Government and the Zibo Finance Bureau, has enabled the Group to rapidly grow its business and maintain its competitiveness.

Diversified business portfolio across multiple business segments

As a large comprehensive financial holding platform in Zibo City, the Group has established a presence in various industries and accumulated a wealth of portfolio companies operating in various business segments covering energy supply, water supply, heat supply, sales of goods, system integration and system establishment & operation, financial investment, financial guarantee and security services.

The Group’s diversified business portfolio reduces the risk of business concentration and the level of volatility in its overall earnings and financial position as a result of changes in industrial conditions, price fluctuation or other factors within any one sector. In addition, it has also enabled the Group to contribute to the diversification of the Group’s revenue and cash flow sources and enhance the resilience of its overall operations. The Group believes that its diversified business portfolio, sources of income and cash flows will enhance the Group’s stability as well as flexibility in managing its operations.

Sufficient capital from diversified financing channels

The Group has access to diversified financing channels to fund its project developments, such as bank loans and issuance of bonds in the PRC domestic capital markets. The Group has cultivated close and extensive relationships

with a number of reputable commercial banks, securities companies and other financial institutions in the PRC, including Bank of China, Industrial and Commercial Bank of China, China Construction Bank, China Minsheng Bank and China Merchants Bank. These relationships have provided a solid foundation for obtaining low-cost capital for the Group. As of 31 December 2025, the Group had total credit facilities of approximately RMB3,288.03 million, of which approximately RMB2,188.05 million had not been utilised. The Group's ability to access diversified funding sources and its strong financing capability have enabled it to fulfil the capital needs of its businesses and capitalise on various business opportunities.

Experienced management team with sound corporate governance

The Group has an experienced senior management team with extensive experience in large state-owned enterprises operating in the related business sectors, see “*Director and Senior Management*” for further information. Under the sound leadership of its management team and leveraging on their past experience, the Group has successfully achieved its objectives over the years and distinguished itself from its competitors, including corporate governance.

The Group has also established a sound and effective corporate governance structure, which is in line with modern corporate practice. Its corporate governance system includes the establishment and maintenance of overall financial policies and different departments to oversee its daily operations, including, among others, party and mass work department (黨群工作部), discipline inspection and supervision department (紀檢監察部), administration department (行政管理部), investment funds department (投資基金部), financing department (財務融資部), legal affairs and risk management department (法務風控部), corporate development department (公司發展部), audit and inspection department (審計稽核部), human resources department (人力資源部) and project management department (項目管理部), see “*Directors and Senior Management*” for further information. In addition, the Group's business performance, financial conditions and major operational decisions are subject to the assessment, review and approval of the Zibo Municipal Government and the Zibo Finance Bureau.

The Group believes that its highly experienced management team and sound corporate governance structure have contributed to achieving steady growth and will continue to position it strategically to capture the significant opportunities.

BUSINESS STRATEGIES

The Group is currently committed to pursuing the below strategies.

Continue to pursue parallel integrated development of, and leverage synergies among, its financial and industrial business lines

The Group will continue to focus on the synergistic parallel development of its financial and industrial business lines to achieve long-term sustainable growth. With respect to its financial business line, in addition to focusing on venture capital investment in the “four new competent industries”, the Group intends to diversify its business portfolios and further integrate with different industries through equity investment, and concurrently, it seeks to build cooperative relationships with more high-quality fund institutions to form industry leading funds and attract more social capitals to invest in such funds, thereby achieving better industry-finance integration and optimising the local finance landscape. The Group may also seek to widen and deepen the scope of its financial services by obtaining different financial licences or through strategic acquisitions so as to create a diversified, synergetic and quality financial services platform.

In terms of its industrial business line, the Group intends to (i) maintain its leading positions in energy supply, water supply and heat supply business sectors, and (ii) leverage the Zibo Municipal Government's promotion of scientific and technology innovation and provide continuous support to its investee companies to further develop its intelligent logistics and warehousing system and system integration and system establishment & operation businesses. In addition, the Group may expand its information technology application innovation business through acquisition and restructuring so as to strengthen its operational capabilities and improve its comprehensive

strength. Furthermore, the Group plans to commence new business segments, including development and operation of industrial parks and infrastructure facilities.

The Group will proactively explore new business opportunities in emerging strategic industries and ensure it maintains an optimal business mix to maximise revenue and profitability.

Enhance business portfolio and optimise resource allocation

The Group aims to develop as a modern financial service holding group providing comprehensive financial services to promote the efficient coordination between various financial sectors. The Group targets to do so by achieving full-chain investment and financing service capabilities and establishing brand influence through its subsidiaries and associated companies via equity participation, mergers and acquisitions and fund investment.

The Group intends to further enhance its business portfolio by making appropriate adjustments to its business mix in an effective and efficient manner, including the disposal of assets and investments that lack growth potential and competitive advantages and are not in line with the Group's long-term development plans. Concurrently, the Group will focus on optimising its asset structure through consolidation of businesses and operations that are now dispersed among various subsidiaries so as to achieve greater economies of scale and improve its overall competitiveness. Such consolidation will also enable the Group to better allocate resources and enhance operational efficiencies. In addition, the Group plans to gradually increase its pursuit of investments with good cash flow potential as part of its strategy to enhance internal cash resources and fortify its foundation for future expansion.

Explore new financing and investment channels

The Group has traditionally funded its business operation and working capital through bank loans and issuance of corporate bonds in the domestic market. It has maintained long-term relationships with several commercial and other financial institutions in the PRC. The Group intends to continue to diversify its financing sources to secure stable funding for its business operations and development, investment activities and working capital. To this end, the Group is actively seeking opportunities to utilise the capital markets with a view to reducing capital costs and maintaining an optimised financing structure, including the issuance of offshore bonds. The Group will also build and reinforce close relationships with banks and financial institutions to secure funding on more favourable terms and with lower interest rates. The Issuer believes that these will better fulfil the Group's financing needs for development and operations and maintain a balanced financial structure.

Adhere to prudent risk management with stringent risk control

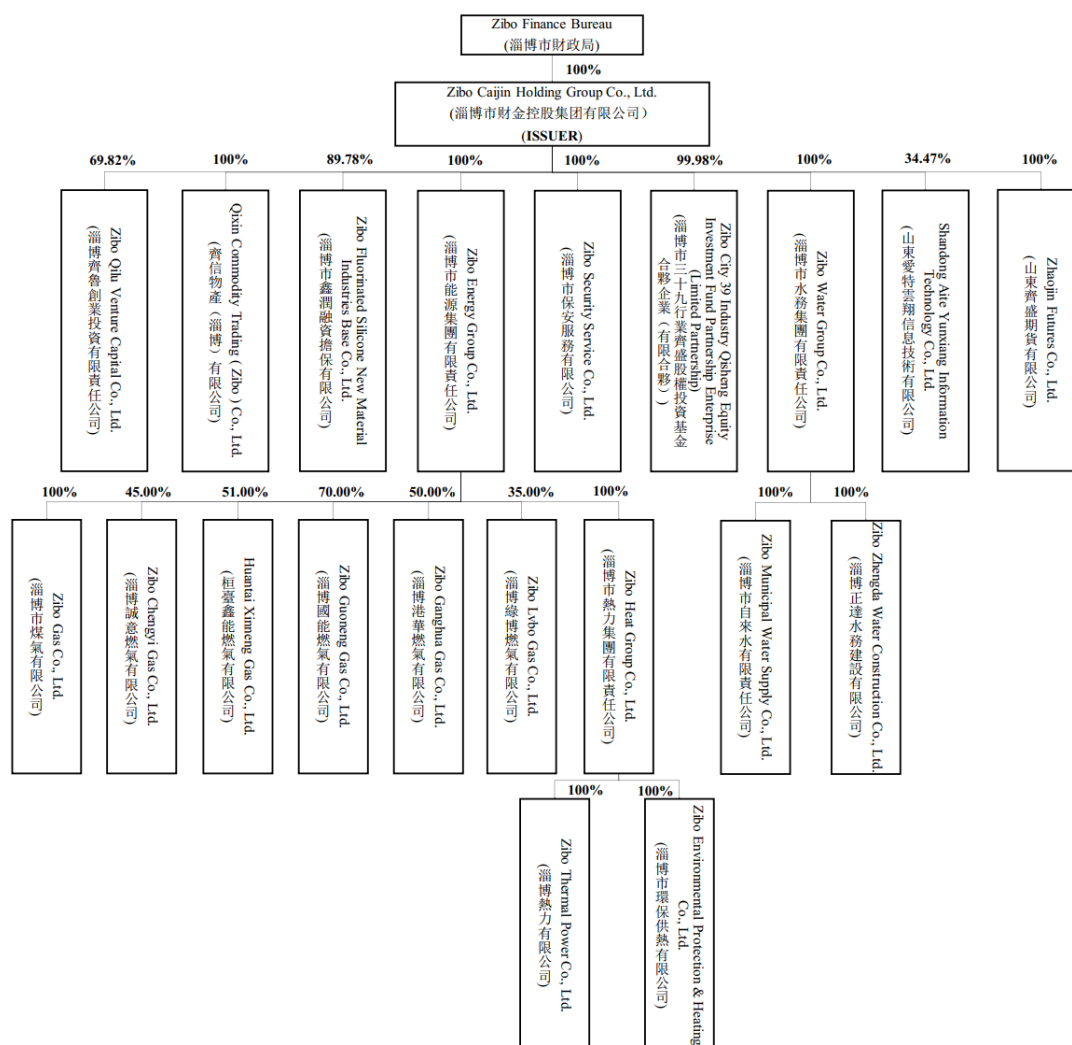
The Group believes that a prudent risk management system can reduce operational and financial risks and help achieve long-term sustainable growth. As such, the Group will continue to enhance its risk management system by implementing a stringent risk reporting and control system to comply with legal and regulatory requirements. The Group will also maintain prudent investment policies that aim to achieve a balance between assets and liabilities, between investment returns and risk taking, and between its financial service business and its other businesses. The Group strives to prudently manage its risk profile while fulfilling investment and development needs to drive its profitability.

Continue to enhance management capability and improve corporate governance

The Group will continue to improve and streamline its management structure, so as to strengthen its capabilities in terms of corporate management and internal control. The Group considers that effective management at all organisational levels and among members of the Group is critical to optimise its overall operational efficiency. To this end, the Group may also improve its corporate governance structure by further adjusting its organisational structure and re-allocating the functions among departments. The Group will continue to build its professional management and investment teams with well-qualified and experienced personnel, carry out training for its teams from time to time so as to enable the Group to improve the efficiency of its operations and achieve its strategic goals through the expertise and continuity of the Group's management and investment teams.

CORPORATE STRUCTURE

As of 31 December 2025, the Company had 19 subsidiaries in the PRC. The chart below illustrates a simplified corporate structure of the Issuer and its material subsidiaries as of 31 December 2025:



HISTORY AND DEVELOPMENT

The Issuer was established in December 2012 with an initial registered capital of RMB100.00 million by Zibo Urban Assets Operation Co., Ltd. (淄博市城市資產運營集團有限公司) (“**Zibo Assets Operation**”), a company then 100 per cent. owned by the Zibo SASAC. As at the date of this Offering Circular, the Issuer is 100 per cent. owned by the Zibo Finance Bureau. The registered capital of the Issuer is RMB5,000.00 million, of which RMB3,228.02 million has been paid in full.

The following table sets forth selected key milestones in the Group’s development history:

Time	Milestone Event
2012.....	In December 2012, the Zibo SASAC approved to found Zibo Industrial Investment Co., Ltd. (淄博市產業投資有限公司), the predecessor of the Issuer.
	Following the Zibo SASAC’s decision, Zibo Industrial Investment Co., Ltd. (淄博市產業投資有限公司) was established in December 2012 by Zibo Assets

Operation, a state-owned company then 100 per cent. owned by the Zibo SASAC.

At the time of its establishment, the initial registered capital of the Issuer was RMB100.00 million, all of which was paid in.

- 2016 In March 2016, in accordance with the Approval on Matters relating to Changing the Name of Zibo Industrial Investment Co., Ltd. to Zibo Jin Kong Co., Ltd. (Zi Zheng Zi [2016] No.12) (關於將淄博市產業投資有限公司更名為淄博市金融控股有限公司有關事項的批復 (淄政字[2016] 12號)) issued by the Zibo Municipal Government, the Issuer changed its name from Zibo Industrial Investment Co., Ltd. (淄博市產業投資有限公司) to Zibo Jin Kong Co., Ltd. (淄博市金融控股有限公司), and Zibo Assets Operation transferred all of the equity interest it held in the Issuer to the Zibo Finance Bureau. The Issuer has become directly and 100 per cent. owned by the Zibo Finance Bureau.
- 2019 In December 2019, according to the Approval on the Capital Increase of Zibo Jin Kong Co., Ltd. (Zi Cai Jin Jian [2019] No.4) (關於對淄博市金融控股有限公司增資的批復 (淄財金監[2019] 4號)) issued by the Zibo Finance Bureau, the Issuer's registered capital was increased by RMB1,000.00 million. Such RMB1,000.00 million capital increase was paid by the Zibo Finance Bureau in cash. Consequently, the Issuer's registered capital and paid-in capital was increased to RMB1,100.00 million.
- 2021 In March 2021, pursuant to the Approval on Transfer of the Equity Interests of Four Municipal State-Owned Enterprises (Including Zibo Energy Group Co., Ltd.) (Zi Zheng Zi [2021] No.23) (關於同意劃轉淄博市能源集團有限責任公司等4戶市屬國有企業國有股權的批復(淄政字[2021] 23號)) issued by the Zibo Municipal Government, the Zibo SASAC transferred (i) 100 per cent. equity interest it held in Zibo Energy, Zibo Water Affairs, Zibo Thermal Power and Zibo Security and (ii) around 89.10 per cent. equity interest it held indirectly through Zibo Assets Operation in Xinrun Guarantee to the Group at nil consideration (together the “**Acquisition of Five SOEs**”). Pursuant to the Zibo Municipal Government's approval, the benchmark date in terms of the Acquisition of Five SOEs was set to be 31 December 2020, and as a result, Zibo Energy, Zibo Water Affairs, Zibo Thermal Power and Zibo Security have been consolidated into the Group's financial information as at and for the years ended 31 December 2018, 2019 and 2020. As the merged companies' total assets and net assets as at the benchmark date (i.e., 31 December 2020) exceeded over 50 per cent. of the Group's total assets and net assets as set forth in the then latest available consolidated financial statements of the Group prior to the acquisition (i.e., the Group's consolidated financial statements for the year ended 31 December 2019), the Acquisition of Five SOEs constituted a major restructuring for the Group. The Acquisition of Five SOEs marked the Group's entry into the fields of energy supply, water supply, heat supply, financial guarantee and security service.
- In April 2021, the Issuer changed its name from Zibo Jin Kong Co., Ltd. (淄博市金融控股有限公司) to Zibo Caijin Holding Group Co., Ltd. (淄博市財金控股集團有限公司).

In June 2021, pursuant to the capital increase agreement in relation to Shandong Aite Yunxiang Information Technology Co., Ltd. (關於山東愛特雲翔信息技術有限公司增資擴股協議) made by, among others, the Issuer, Qingdao Aite Cloud Investment Limited Partnership (LLP) (青島愛特雲投資合夥企業(有限合夥)) and Zibo Qilu Chemistry Industrial Zone Jinyingu Investment and Development Co., Ltd. (淄博齊魯化學工業區金銀穀投資發展有限公司) (“**Qilu Jinyingu**”), the Issuer subscribed AI Tech FLSAY’s increased capital (the “**AI Tech FLSAY Investment**”). The requisite registration procedures in terms of AI Tech FLSAY Investment were completed in June 2021. Upon completion, the Issuer’s shareholding in AI Tech FLSAY increased to 34.47 per cent. Additionally, the Issuer and Qilu Jinyingu entered into an acting-in-concert agreement in relation to Shandong Aite Yunxiang Information Technology Co., Ltd. (關於山東愛特雲翔信息技術有限公司一致行動協議) whereby the Issuer acquired control over AI Tech FLSAY through an acting-in-concert arrangement (together with the AI Tech FLSAY Investment, the “**AI Tech FLSAY Acquisition**”). The acquisition date in terms of AI Tech FLSAY is 30 June 2021 as specified in the Group’s 2021 Audited Consolidated Financial Statements. Thereupon, AI Tech FLSAY was consolidated into the Group’s financials from the acquisition date. The AI Tech FLSAY Acquisition was made as part of the Group’s strategy to enter into the area of system integration and system establishment & operation.

In August 2021, (i) Mr. Yao Buwen (姚卜文), the controlling shareholder and *de facto* controlling person of OMH Science Group (“**Mr. Yao**”), (ii) Mr. Liang Yansheng (梁燕生), the vice chairman of OMH Science Group (“**Mr. Liang**”), (iii) Zhong He Sheng Capital Management Co., Ltd. — He Sheng Huifeng Intelligence No.1 Structured Equity Investment Private Fund (中合盛資本管理有限公司—合盛匯峰智能 1 號結構化股權投資私募基金) (“**Zhong He Sheng**”) and (iv) Zibo Jiangtu Ever Pine Holding Co., Ltd. (淄博匠圖恒松控股有限公司) (“**Zibo Ever Pine**”) in which the Issuer held around 100.00 per cent. equity interest indirectly, entered into a share transfer agreement (the “**OMH Share Transfer Agreement**”), pursuant to which Mr. Yao, Mr. Liang and Zhong He Sheng agreed to sell 19.00 per cent., 2.00 per cent. and 8.436 per cent. stake then he or it held in OMH Science Group respectively to Zibo Ever Pine at a purchase price of RMB12.30 per share under the terms and conditions of the OMH Share Transfer Agreement (together the “**OMH Acquisition**”). The acquisition date that the Group obtained control over OMH Science Group is 30 November 2021 as specified in the 2021 Audited Consolidated Financial Statements. The requisite approval and registration procedures in terms of the OMH Acquisition were completed in December 2021. Upon completion, Zibo Ever Pine obtained around 29.44 per cent. voting rights of OMH Science Group and became the controlling shareholder of OMH Science Group, and OMH Science Group were consolidated into the Group’s financials from the acquisition date. As the sole shareholder of the Issuer, the Zibo Finance Bureau therefore became the *de facto* controlling person of OMH Science Group. The OMH Acquisition was made as part of the Group’s strategy to enter into the area of intelligent logistics and warehousing system.

In December 2021, according to the Approval on the Capital Increase of Zibo

Caijin Holding Group Co., Ltd. (Zi Cai Jin Jian [2021] No.10) (關於同意對市財金集團增資的批復 (淄財金監[2021] 10號)) issued by the Zibo Finance Bureau, the Issuer's registered capital was increased to RMB3,000.00 million. The Zibo Finance Bureau shall pay the RMB1,900.00 million in cash.

2025

In January 2025, according to the Approval on the Increase of Registered Capital and the Amendment of the Articles of Association of Zibo Caijin Holding Group Co., Ltd. (Zi Cai Jin Jian [2025] No.2) (關於同意淄博市財金控股集团有限公司增加註冊資本及修改公司章程的批復 (淄財金監[2025] 2號)) issued by the Zibo Finance Bureau, the Issuer's registered capital was increased to RMB5,000.00 million.

In August 2025, the Group disposed of its indirect interest in OMH Science Group through the transfer of its fund interest. The disposal formed part of the Group's planned exit from the investment in accordance with the investment fund's lifecycle, enabling the Group to realise its investment, recycle capital for investment in local industries in Zibo and optimise the allocation of its investment and management resources. Following the disposal, the Group no longer operates the intelligent logistics and warehousing system business.

RECENT DEVELOPMENTS

Acquisition of Equity Interest in a Listed Company

In May 2026, the Group, through AI Tech FLSAY and its 100 per cent. subsidiary Shandong Qixin Digital Technology Co., Ltd. (山東齊信數字科技有限公司), acquired 23.12% of the equity interests in Wei Long Grape Wine Co., Ltd. (威龍葡萄酒股份有限公司, 603779.SH) by way of a debt-for-equity swap. As at the date of this Offering Circular, the Issuer indirectly holds 23.12% of the issued share capital of such listed company.

Financial Performance of the Group as at and for the Three Months Ended 31 March 2026

According to the Group's unaudited and unreviewed financial information as at and for the three months ended 31 March 2026 ("**2026 First Quarter Financial Information**"), as compared with 31 December 2025, the Group's operating revenue decreased primarily due to a decline in the sales of goods business as a result of market conditions. Current assets decreased mainly as a result of decreases in inventories following property sales and certain changes in cash balances arising from the Group's financial business. During the same period, total borrowings and bonds payable increased primarily as a result of the Group's financing activities, including new bank borrowings and bond issuances; accrued liabilities also increased primarily due to provisions recognised in respect of pending litigation arising from an operational dispute involving Zibo Furun Real Estate Co., Ltd., a subsidiary of the Group. The Group believes that such litigation is not material and will not have a material adverse effect on its business, financial condition or results of operations.

The 2026 First Quarter Financial Information has not been audited or reviewed by Beijing Xinghua, the independent auditors of the Group for the consolidated financial information as at and for the year ended 31 December 2025, or any other independent accountants and may be subject to adjustments if audited or reviewed. For the avoidance of any doubt, the 2026 First Quarter Financial Information is not and shall not be deemed to be incorporated by reference or otherwise included in this Offering Circular.

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. Such information has not been subject to an audit and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. The aforementioned financial information should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial 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.

DESCRIPTION OF THE GROUP'S BUSINESSES

Overview

The Group has formed two main business lines, namely (i) industrial sector, including public utilities and information technology application innovation, and (ii) financial sector, including financial investment and financial services.

The Group's operations and businesses mainly focus on four principal business segments: (i) public utilities, which comprises three sub-business segments, namely energy supply and sales, water supply and heat supply; (ii) information technology application innovation, which currently consists of two sub-business segments, namely, sales of goods and system integration and system establishment & operation; (iii) financial investment; and (iv) financial services, which comprises two sub-business segments, namely financial guarantee and security service. The public utilities business segment is currently the most significant contributor in terms of the Group's operating revenue. The Group may also conduct other businesses from time to time, such as futures income and pipeline-related income.

The following table sets forth a breakdown of the Group's total operating revenue by business segment for the periods indicated:

<i>Business Segment</i>	For the year ended 31 December					
	2023		2024		2025	
	Amount (RMB in millions)	Per cent.	Amount (RMB in millions)	Per cent.	Amount (RMB in millions)	Per cent.
	<i>(audited)</i>		<i>(audited)</i>		<i>(audited)</i>	
Industrial Sector ⁽¹⁾						
Public Utilities	6,531.84	64.22	5,841.41	57.52	5,684.69	58.33
– <i>Energy supply and sales</i>	4,829.15	47.48	4,189.86	41.25	4,030.85	41.36
– <i>Water supply</i>	924.78	9.09	895.26	8.82	862.53	8.85
– <i>Heat supply</i>	777.91	7.65	756.29	7.45	791.31	8.12
Information Technology Application Innovation	2,777.93	27.31	3,211.25	31.62	2,997.63	30.76
– <i>Sales of goods</i>	1,145.88	11.27	1,583.38	15.59	1,070.11	10.98
– <i>Intelligent logistics and warehousing system</i> ⁽²⁾	870.72	8.56	806.27	7.94	697.62	7.16
– <i>System integration and system establishment & operation</i>	761.33	7.49	821.61	8.09	1,229.89	12.62
Financial Sector ⁽¹⁾						
Financial Investment	173.65	1.71	395.90	3.90	523.98	5.38
Financial Services	384.02	3.78	412.72	4.06	421.22	4.32
– <i>Financial guarantee</i>	23.31	0.23	45.91	0.45	42.54	0.44
– <i>Security service</i>	360.71	3.55	366.81	3.61	378.68	3.89
Other Businesses ⁽¹⁾	303.47	2.98	294.74	2.90	118.21	1.21
Total	10,170.91	100.00	10,156.03	100.00	9,745.73	100.00

Note:

- (1) Some of the amounts included in the above table are subject to rounding adjustments. Consequently, the subtotal amount of the Group's operating revenue from public utilities for the years ended 31 December 2024 and 2025 in the above table may differ from the arithmetic total for the individual items (including those from energy supply

and sales, water supply and heat supply); and the total amount of the Group's operating revenue for the year of 2024 in the above table may differ from the arithmetic total for the individual items (including those from financial investment, financial services, public utilities, information technology application innovation, and other businesses).

- (2) The Group conducted this business through OMH Science Group, which was disposed of by the Group in August 2025. Following such disposal, the Group no longer operates the intelligent logistics and warehousing system business.

Public Utilities

Overview

The Group's public utilities business can be further divided into three sub-business segments, namely (i) energy supply and sales, (ii) water supply and (iii) heat supply. Energy supply and sales business is the most significant contributor in terms of the Group's operating revenue. The Group's public utilities business occupies a dominant position in Zibo City. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's public utilities business was RMB6,531.84 million, RMB5,841.41 million and RMB5,684.69 million, representing 64.22 per cent., 57.52 per cent., and 58.33 per cent. of the Group's total operating revenue, respectively.

Energy supply and sales

The Group operates its energy supply and sales business through Zibo Energy and its subsidiaries (such as Zibo Gas Co., Ltd. (淄博市煤氣有限公司), Zibo Chengyi Gas Co., Ltd. (淄博誠意燃氣有限公司), Huantai Xinneng Gas Co., Ltd. (桓台鑫能燃氣有限公司), Zibo Guoneng Gas Co., Ltd. (淄博國能燃氣有限公司), Zibo Ganghua Gas Co., Ltd. (淄博港華燃氣有限公司) and Zibo Lvbo Gas Co., Ltd. (淄博綠博燃氣有限公司)) as the dominant supplier in Zibo City, accounting for nearly half of energy suppliers in Zibo City. The Group's energy supply and sales business primarily involves distribution of centralised natural gas supply of high, medium and low pressure to residential households and non-residential users, as well as provision of gas-related infrastructure construction and instalment in Zibo City. As at 31 December 2025, the Group had developed 930,000 residential users and over 3,700 industrial users, with its gas pipeline network covering five districts and three counties of Zibo City (Zhangdian District (張店區), Zichuan District (淄川區), Boshan District (博山區), Linzi District (臨淄區), Zhoucun District (周村區), Huantai County (桓台縣), Gaoqing County (高青縣) and Yiyuan County (沂源縣)), achieving almost full town-level coverage in Zibo City. For the years ended 31 December 2023, 2024, and 2025, the Group's gas sales volume fluctuated in response to changes in market demand, amounting to 1.71 billion cubic metres, 1.62 billion cubic metres and 1.65 billion cubic metres, respectively.

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's energy supply and sales business was RMB4,829.15 million, RMB4,189.86 million and RMB4,030.85 million, respectively, representing 47.48 per cent., 41.25 per cent. and 41.36 per cent. of the Group's total operating revenue, respectively.

Business model

The Group has established long-term relations with reputable gas suppliers as its stable upstream suppliers, which enables the Group to secure timely supply of high-quality natural gas and liquified petroleum gas. The Group purchases gas primarily from China Petrochemical Corporation (中國石油化工集團有限公司) and China National Petroleum Corporation (中國石油天然氣集團有限公司). The price of the gas is stipulated by the Development and Reform Commission of Zibo City (淄博市發展和改革委員會). Prices of residential gas are classified into three categories based on the accumulated annual usage amount. Price of non-residential gas is based on the cost of procurement plus fixed profits within the limit set by the Development and Reform Commission of Zibo City.

In terms of operation and management, Zibo Energy and its subsidiaries have established a framework with clear demarcation of responsibilities to ensure the effectiveness of their operation. The table below sets out the main

area where Zibo Energy's subsidiaries operate.

Company Name	Main Supply Business	Responsible Area
Zibo Gas Co., Ltd.	Gas	Zhangdian District, Zhoucun District and Zibo New & Hi-tech Technology Industry Development Zone (淄博高新技術產業開發區)
Zibo Chengyi Gas Co., Ltd.	Gas	Linzi District
Huantai Xinneng Gas Co., Ltd.	Gas	Huantai County
Zibo Guoneng Gas Co., Ltd.	Gas	Boshan District (excluding four towns located in the south)
Zibo Ganghua Gas Co., Ltd.	Gas	Industrial users in Zichuan District and Boshan District
Zibo Lvbo Gas Co., Ltd.	Gas	Zichuan District, Huantai County, Boshan District, Zhoucun District, Linzi District, and others

Water supply

The Group is one of the major water suppliers in Zibo City and conducts the water supply business through Zibo Water Affairs and its subsidiaries such as Zibo Tap Water Co., Ltd. (淄博市自來水有限責任公司), Zibo Boshan District Jinyuan Water Supply Co., Ltd. (淄博市博山區津源供水有限責任公司) and Zibo Zhengda Water Construction Co., Ltd. (淄博正達水務建設有限公司). The Group's water supply business primarily involves distribution of tap water to some of the residential households and commercial and industrial users in Zibo Economic Development Zone (淄博經濟開發區), Linzi District and downtown area of Zibo City.

As at 31 December 2025, the Group operated 10 water plants, with a daily water supply capacity of approximately 1.60 million cubic metres, covering more than 0.18 million end users in Zibo City.

The following table sets forth operational information of the Group's water supply business for the years indicated:

	For the year ended 31 December		
	2023	2024	2025
Number of water plants	12	11	10
Annual water supply volume (in million tonnes).....	301.83	262.27	258.20
Length of pipelines (in kilometres).....	2,252.64	2,103.70	2,122.59
Number of users (in ten thousand)	19.11	17.99	18.19

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's water supply business was RMB924.78 million, RMB895.26 million and RMB862.53 million, respectively, representing 9.09 per cent., 8.82 per cent. and 8.85 per cent. of the Group's total operating revenue, respectively.

Business model

The Group generates revenue from the sale of tap water to residential, industrial and commercial users in Zibo City. The Group's employees record the water metre data monthly and input such data into the Group's system in order to calculate the utility fees for tap water which is based on user type and water consumption. Accordingly, users shall pay the utility fees for tap water monthly. The sales price for tap water is determined by the Price Bureau of Zibo City (淄博市物價局).

The following table sets forth pricing details of the Group's water supply business as at 31 December 2025:

	Household-end Price
	<i>(RMB/cubic metre)</i>
Domestic water	
Tier 1 ⁽¹⁾	3.225
Tier 2 ⁽²⁾	4.025
Tier 3 ⁽³⁾	6.425
Water for non-residential usage of which price for domestic water applies	3.425
Water for administrative usage.....	4.405
Water for industrial usage	3.785
Water for normal operation	3.785
Water for special operation	5.90
West Suburb Water Plant (西郊水厂)	3.26

Notes:

- (1) Tier 1 applies to residential users with water usage not exceeding 144 cubic metres per year.
- (2) Tier 2 applies to residential users with water usage of 144 to 288 cubic metres per year.
- (3) Tier 3 applies to residential users with water usage exceeding 288 cubic metres per year.

Heat supply

The Group is one of the heat suppliers in Zibo and conducts the heating business through Zibo Thermal Power and its subsidiaries such as Zibo Thermal Power Co., Ltd. (淄博热力有限公司) and Zibo Environmental Protection & Heating Co., Ltd. (淄博市環保供熱有限公司). The Group's heat supply business primarily involves distribution of centralised heating to residential households and commercial and industrial users. As at 31 December 2025, the Group operated more than 300 regional heat supply stations, covering around 40.00 million square metres heat supply area in Zibo City with length of heat supply connection pipelines amounting to 1,000 kilometres.

The Group provides centralised heating from 15 November each year to 15 March of the next year for around 120 days in winter. The price is stipulated by the Zibo Municipal Government which may grant subsidiary at the end of the year at its sole discretion based on the profitability of the Group.

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's heat supply business was RMB777.91 million, RMB756.29 million and RMB791.31 million, respectively, representing 7.65 per cent., 7.45 per cent. and 8.12 per cent. of the Group's total operating revenue, respectively.

Information Technology Application Innovation

The Group's information technology application innovation business is a new business segment of the Group, comprising (i) sales of goods, which is operated by Qixin Commodity Trading, (ii) intelligent logistics and warehousing system, which is operated by OMH Science Group, and (iii) system integration and system establishment & operation, which is operated by AI Tech FLSAY. The Group acquired control over OMH Science Group and AI Tech FLSAY in 2021. Such transactions were made as part of the Group's strategy to enter into the field of information technology application innovation. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's information technology application innovation business was RMB2,777.93 million, RMB3,211.25 million and RMB2,997.63 million, representing 27.31 per cent., 31.62 per cent., and 30.76 per cent. of the Group's total operating revenue, respectively.

Sales of goods

The Group conducts its sales of goods business primarily through the commodity trading activities carried out by its subsidiary, Qixin Commodity Trading. It mainly involves procuring commodities such as hot-rolled stainless steel strips, petroleum, methane, butane, industrial silicon, and servers from the suppliers and selling them to local enterprises in Zibo City. Qixin Commodity Trading commenced its commodity sales business in 2022.

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's sales of goods business was RMB1,145.88 million, RMB1,583.38 million and RMB1,070.11 million, respectively, representing 11.27 per cent., 15.59 per cent. and 10.98 per cent. of the Group's total operating revenue, respectively.

Business model

The Group thoroughly researches the procurement needs of small and medium-sized enterprises ("SMEs"), aggregates the actual needs of multiple SMEs, and negotiates with upstream suppliers. Leveraging its state-owned enterprise credit, capital advantages, and logistics strengths, the Group effectively reduces the procurement prices for SMEs through measures such as bulk purchasing to obtain better prices and using cash payments to secure policy concessions. On this basis, the Group achieves profitability by earning price differentials.

Intelligent logistics and warehousing system

Historically, the Group conducted its intelligent logistics and warehousing system business through OMH Science Group, a company listed on the Shenzhen Stock Exchange (stock code: 300486). OMH Science Group primarily engages in the design, manufacturing, installation, commissioning and sales of intelligent complete sets of equipment. Its main products include intelligent logistics conveying systems, intelligent logistics warehousing systems and intelligent stereo parking systems. As one of the leading companies of intelligent logistics and warehousing system industry in China, OMH Science Group has built a comprehensive system for technological innovation and commercialisation and promoted the application of new technologies in various industries. Immediately prior to the Group's disposal of OMH Science Group, OMH Science Group owns more than 200 patents and 49 software copyrights, four R&D centers located in Shanghai, Shenzhen, Taiyuan and Changzhou, as well as three large scale production facilities.

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's intelligent logistics and warehousing system business was RMB870.72 million, RMB806.27 million and RMB697.62 million, respectively, representing 8.56 per cent., 7.94 per cent. and 7.16 per cent. of the Group's total operating revenue, respectively. In August 2025, the Issuer disposed its 99% fund shares in Zibo Zhanheng Hongsong Equity Investment Fund Partnership (Limited Partnership) (淄博展恒鴻松股權投資基金合夥企業(有限合夥)), OMH Science Group's parent company. Ever since then, the Group has ceased to operate the business of intelligent logistics and warehousing system.

System integration and system establishment & operation

The Group's system integration and system establishment & operation business is operated by AI Tech FLSAY. It mainly involves provision of cloud-related services and customised hardware and software solutions for various enterprises, research centres and industrial parks.

The Group's system integration and system establishment & operation business primarily consists of the following five sectors:

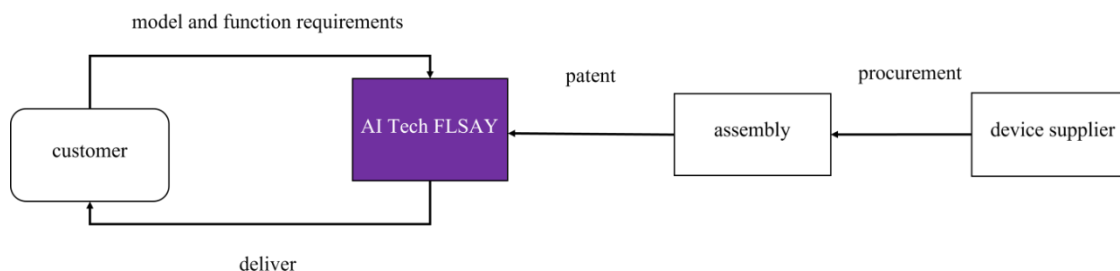
- (1) server and equipment trading, which refer to research, development and sale of the end products of Internet of Things;
- (2) cloud and cloud-related services, which refer to provision of public and private cloud services to enterprises, and intelligent video cloud services;
- (3) system integration, which involves design, development, operation and maintenance of smart city projects;
- (4) leasing, which involves leasing customised data centre modules, data centre racks and bandwidth; and
- (5) computing power cloud services, which refer to the provision of computing power cloud services.

For the years ended 31 December 2023, 2024 and 2025, operating revenue from the Group's system integration and system establishment & operation business was RMB761.33 million, RMB821.61 million and RMB1,229.89 million, respectively, representing 7.49 per cent., 8.09 per cent. and 12.62 per cent. of the Group's total operating revenue, respectively.

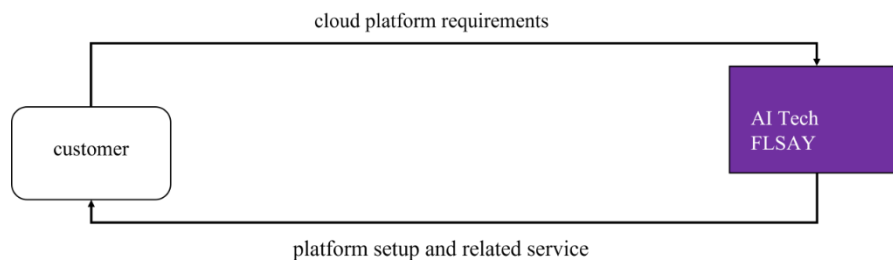
Business model

The following charts illustrate the business model of each of AI Tech FLSAY's business sectors:

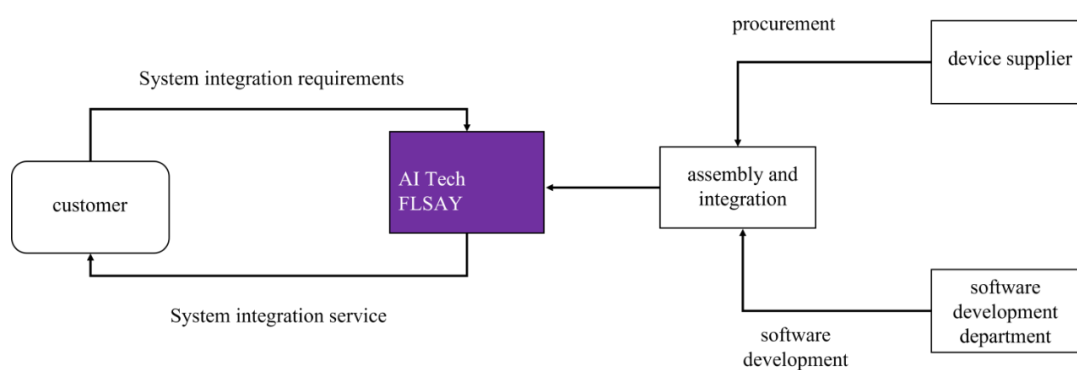
(1) Server and equipment trading



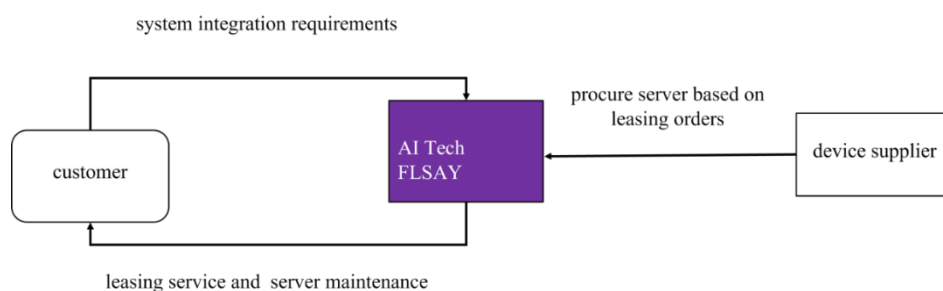
(2) Cloud and cloud-related service



(3) System integration



(4) Leasing



Financial Investment

Overview

The Group's financial investment business comprises (i) equity investment and (ii) fund investment. The Group conducts its financial investment business by the Issuer itself and through Qilu Venture Capital. The Group primarily invests in enterprises and investment funds in Zibo City and Shandong Province with focus on emerging industries to boost local economy. Although the operating revenue from financial investment business accounts for only a small portion of total revenue, its percentage of our operating revenue has been growing. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial investment business was RMB173.65 million, RMB395.90 million and RMB523.98 million, respectively, representing 1.71 per cent., 3.90 per cent., and 5.38 per cent. of the Group's total operating revenue, respectively.

Equity Investment

With respect to the Group's equity investment business, the portfolio companies fall into two categories: (i) mature local companies which the Group shall invest according to the Shandong Provincial Government's or the Zibo Municipal Government's requirements. By holding the equity interest of such companies, investors can expect stable capital gain; and (ii) enterprises with development potentials in industries that local governments support (particularly in "four new competent industries", namely new materials, intelligent equipment manufacturing, new medicine and electronic information).

The Group has a set of standards in place to guide the risk management in its overall business, covering pre-investment due diligence, risk assessment, decision-making, internal approval, risk tracking and post-investment management. The potential projects are collected through public resources such as investment promotion, the Financial Affairs Office of Zibo City (淄博市金融辦公室) and the Talent Work Leading Group Office of Zibo City (淄博市人才工作領導小組辦公室). After careful selection, the project team conducts field investigation of the target projects, drafts proposals and cooperation framework for preliminary review of the investment management department. After project initiation, the project team conducts full investigation, drafts cooperation agreement (subject to the review of legal consultants) and investigation report for approval of the board of directors and Party Committee (黨委會) together with the risk assessment report from the risk control department. The investment proceeds will be released after final approval subject to the project schedule.

The post-investment management measures are set out as the following:

- (1) post-investment examination, where the operation of the project is examined including use of investment proceeds and the general operation of the target company;
- (2) risk precaution, where related information and index are closely monitored to detect potential investment risks;
- (3) problem settlement, where actions are taken to deal with various investment risks and problems; and
- (4) final assessment, where all previous post-investment management measures are re-examined based on the outcome of the project for further improvement.

The following table sets forth the Issuer's equity investment projects as at 31 December 2025:

Project Name	Shareholding Percentage (per cent.)
Qilu Equity Exchange Center Co., Ltd. (齊魯股權交易中心有限公司).....	22.22
Polestar Automotive Holding Limited (極星).....	0.5
Qi Shang Bank Co., Ltd (齊商銀行股份有限公司)	3.9
Shandong Tianshuo Financial Guarantee Co., Ltd. (山東天燦融資擔保有限公司)...	15.33
Shandong Financial Asset Management Co., Ltd. (山東省金融資產管理股份有限公司).....	0.21

Shandong Xingquan Technology Co., Ltd. (山東星泉科技有限公司)	3.05
Xiamen Hengkun New Material Technology Co., Ltd. (廈門恆坤新材料科技股份 有限公司)	3.71
Energy Chain Logistics Technology Co., Ltd. (能鏈物流科技有限公司)	7.58
Shandong Qilu Agricultural Products Trading Centre Co., Ltd. (山東齊魯農產品交 易中心有限公司)	33.75
Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd. (山東東嶽未來氫 能材料股份有限公司)	13.54
Total	-

Fund Investment

The Group has also set up fund partnerships with limited subscription amount and voting rights (based on its holdings) which generates operating revenue in two ways: management fee of not more than two per cent. of the contribution at the end of each year as the agent contributor on behalf of the Zibo Finance Bureau and investment income following the successful exit of the fund investment projects such as carried interests and preferred return.

The Group has certain requirements for the location and the industry of the target company of the funds. As at the date of this Offering Circular, the Group's target companies are mostly medium-sized private enterprises located in Zibo City and Shandong Province in their start-up or mature stage involved in emerging industries of advance material, equipment production, software, etc. In terms of the investment manager of the funds, the following requirements must be fulfilled:

- (1) the investment manager must be incorporated in PRC, with contribution not less than RMB10.00 million (lower for venture capital funds), strong fundraising-related abilities, fixed place of business and necessary devices;
- (2) the investment manager must have comprehensive investment management, risk management, project selection and investment decision procedures with ability to provide advisory service and other management services;
- (3) the investment manager must have been registered Asset Management Association of China (中國證券投資基金業協會), or will be registered in six months after the confirmation of fund formation framework if the investment manager has just been incorporated;
- (4) there must be more than three senior management staff with fund management experience of over three years, more than three successful investment projects, sound manager performance record and relevant qualification certificates;
- (5) the investment manager or senior management staff must be clear of penalties from any administrative or judiciary entities.

The following table sets forth the Issuer's fund investment projects as at 31 December 2025:

Project Name	Fund Type	Fund Size	Subscription Amount	Term	Expected Exit Time
		<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(year)</i>	
Shandong Luxin Capital Market Development Equity Investment Fund Partnership (Limited Partnership) (山東省魯信資本市場發展股權投資基金合夥企業(有限合夥))	Equity	500.00	50.00	7	November 2026
Zibo Zhongchuang Venture Capital Fund Partnership (Limited Partnership) (淄博眾創天使投資基金合夥企業(有限合夥))	Equity	100.00	30.00	7	January 2027
Shandong Caijin Venture Capital New and Old Growth Driver Transition Equity Investment Partnership (Limited	Equity	518.00	20.00	7	December 2027

Project Name	Fund Type	Fund Size	Subscription Amount	Term	Expected Exit Time
Partnership) (山東省財金創投新舊動能轉換股權投資合夥企業 (有限合夥)).....					
Zibo New and Old Growth Driver Transition Zhongsheng Equity Investment Partnership (Limited Partnership) (淄博新舊動能轉換中晟股權投資合夥企業 (有限合夥)).....	Equity	400.00	120.00	7	April 2027
Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership) (淄博盈科吉運創業投資合夥企業 (有限合夥)).....	Equity	4,000.00	980.00	7	January 2027
Shandong Lanxing Zhiyun Equity Investment Partnership Enterprise (Limited Partnership) (山東藍星智雲股權投資合夥企業 (有限合夥)).....	Equity	200.00	68.00	7	October 2027
Butian (Zibo) New and Old Growth Driver Transition Equity Investment Fund Partnership (Limited Partnership) (補天 (淄博) 新舊動能轉換股權投資基金合夥企業 (有限合夥)).....	Equity	300.00	30.00	7	December 2026
Advanced Manufacturing Industry Investment Fund II (Limited Partnership) (先進製造產業投資基金二期 (有限合夥)).....	Equity	50.00	50.00	10	December 2029
Zibo Zhongsheng Health Investment Equity Investment Fund Partnership (Limited Partnership) (淄博中晟健投股權投資基金合夥企業 (有限合夥)).....	Equity	50.00	25.00	7	April 2027
Zibo Luyu Green Equity Investment Partnership (Limited Partnership) (淄博魯渝綠色股權投資合夥企業 (有限合夥)).....	Equity	1,000.00	500.00	7	July 2027
Zibo Longmen Venture Capital Partnership (Limited Partnership) (淄博龍門創業投資合夥企業 (有限合夥)).....	Equity	5,000.00	2,500.00	7	July 2027
Yiheyuan (Zibo) New Growth Driver Industry Development Fund Partnership (Limited Partnership) (沂河源(淄博)新動能產業發展基金合夥企業(有限合夥)).	Equity	200.00	30.00	8	September 2028
Zibo Shunnong Equity Investment Fund Partnership (淄博舜農股權投資基金合夥企業).....	Equity	21.50	4.00	5	February 2027
Beijing Runxin Advanced Material Intelligence Venture Capital Fund Partnership (Limited Partnership) (北京潤信新材智創業投資基金合夥企業(有限合夥)).....	Equity	900.00	90.00	10	May 2029
Zibo Runxin Dongyue New Material Equity Investment Fund Partnership (Limited Partnership) (淄博潤信東嶽新材料股權投資基金合夥企業 (有限合夥)).....	Equity	500.00	275.00	8	January 2029
Zibo Caijin Dingcheng Venture Capital Partnership (Limited Partnership) (淄博財金鼎成創業投資合夥企業 (有限合夥)).....	Equity	1,000.00	990.00	7	December 2029
Shandong Kinetic Energy Jiahe Venture Capital Fund Partnership (Limited Partnership) (山東動能嘉合創業投資基金合夥企業 (有限合夥)).....	Equity	1,000.00	200.00	7	March 2030
Shandong Shanneng New Material Equity Investment Fund Partnership (Limited Partnership) (山東山能新材料股權投資基金合夥企業 (有限合夥)).....	Equity	10,000.00	1,000.00	7	April 2030
Zibo Caijin New Energy Equity Investment Partnership Enterprise (Limited Partnership) (淄博財金新動能股權投資合夥企業 (有限合夥)).....	Equity	7,000.00	3,499.00	7	September 2029

Project Name	Fund Type	Fund Size	Subscription Amount	Term	Expected Exit Time
Jinan Kinetic Jiaxin Venture Capital Partnership (Limited Partnership) (濟南動能嘉信創業投資合夥企業(有限合夥))	Equity	808.00	50.00	6	May 2031
Zibo Caijin New Energy Low Altitude Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (淄博市財金新動能低空產業股權投資基金合夥企業(有限合夥))	Equity	1,000.00	500.00	7	June 2032
Zibo Luqing New Energy Equity Investment Fund Partnership Enterprise (Limited Partnership) (淄博魯青新動能股權投資基金合夥企業 (有限合夥))	Equity	500.00	5.00	8	July 2033
Zibo Caijin Hengsong Industrial Investment Fund (淄博財金恒松產業投資基金).....	Equity	3,000.00	2,999.00	10	May 2032
Zibo City 39 Industry Qisheng Equity Investment Fund Partnership (Limited Partnership) (淄博市三十九行業齊盛股權投資基金合夥企業 (有限合夥))	Equity	4,000.00	3,999.00	8	July 2028
Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership) (淄博市齊創產業投資基金合夥企業 (有限合夥))	Equity	700.00	700.00	10	March 2032
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership) (山東省新動能嘉芯股權投資基金合夥企業 (有限合夥))	Equity	70.00	20.00	8	December 2030
Shandong Lushang Rural Revitalization Industry Fund Partnership Enterprise (Limited Partnership) (山東魯商鄉村振興產業基金合夥企業 (有限合夥))	Equity	2,500.00	250.00	8	December 2028
Zibo Hengrui Shasha Equity Investment Fund Partnership Enterprise (Limited Partnership) (淄博恆睿莎莎股權投資基金合夥企業 (有限合夥))	Equity	36.00	18.00	6	May 2027
Zibo Boshan District Daode Equity Investment Management Partnership Enterprise (Limited Partnership) (淄博博山區道得股權投資管理合夥企業 (有限合夥))	Equity	221.00	100.00	7	June 2028
Zibo Hetai Equity Investment Partnership Enterprise (Limited Partnership) (淄博和泰股權投資合夥企業 (有限合夥))	Equity	1,000.00	990.00	7	June 2028
Zibo Jianrui Entrepreneurship Investment Center (Limited Partnership) (淄博鑑睿創業投資中心 (有限合夥))	Equity	102.00	50.00	7	June 2028
Zibo Yingke Growth No. 6 Venture Capital Partnership Enterprise (Limited Partnership) (淄博盈科成長六號創業投資合夥企業 (有限合夥))	Equity	1,001.00	500.00	5	July 2026
Nenglian Zero Carbon (Zibo) Equity Investment Fund Partnership Enterprise (Limited Partnership) (能鏈零碳 (淄博) 股權投資基金合夥企業 (有限合夥))	Equity	500.00	400.00	9	August 2030
Zibo Yingke Qiyun Equity Investment Partnership(Limited Partnership) (淄博盈科齊運股權投資合夥企業 (有限合夥))	Equity	10,000.00	9,900.00	7	September 2028
Zibo Longmen Hongtai Industrial Investment Partnership Enterprise (Limited Partnership) (淄博龍門洪泰產業投資合夥企業 (有限合夥))	Equity	10,000.00	4,980.00	10	October 2031
Zibo Zhongsheng Haichuan Equity Investment Fund Partnership Enterprise (Limited Partnership) (淄博中晟海川股權投資基金合夥企業 (有限合夥))	Equity	200.00	40.00	5	November 2026

Project Name	Fund Type	Fund Size	Subscription Amount	Term	Expected Exit Time
Total	-	<u>68,377.50</u>	<u>35,962.00</u>	-	-

Financial Services

Overview

The Group's financial services business primarily consists of (i) financial guarantee and (ii) security service. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial services business was RMB384.02 million, RMB412.72 million and RMB421.22 million, representing 3.78 per cent., 4.06 per cent. and 4.32 per cent. of the Group's total operating revenue, respectively.

Financial guarantee

The Group carries out its financial guarantee business through one of its subsidiaries, namely Xinrun Guarantee. Xinrun Guarantee is a policy-based guarantee company holding the Financing Guarantee Business Permit issued by the Shandong Provincial Local Financial Supervision Bureau (山东省地方金融监督管理局). For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial guarantee business amounted to RMB23.31 million, RMB45.91 million and RMB42.54 million, representing 0.23 per cent., 0.45 per cent. and 0.44 per cent. of the Group's total operating revenue, respectively.

Xinrun Guarantee's business is mainly concentrated in Zibo City. As at 31 December 2025, Xinrun Guarantee has provided financial guarantee services to over 50 enterprises in Zibo City. Xinrun Guarantee offers a wide spectrum of products and services, including, among others, loan guarantees, guarantees for acceptance of bill, trade financial guarantees, project financial guarantees, guarantee for letter of credit, litigation preservation guarantees, performance, as well as consulting services in relation to financial guarantees. As at 31 December 2025, the external guarantee provided by Xinrun Guarantee amounted to RMB4,801 million.

Security service

The Group conducts its security service business through its 100 per cent. owned subsidiary, Zibo Security which holds a security service qualification. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's security service business was RMB360.71 million, RMB366.81 million and RMB378.68 million, representing 3.55 per cent., 3.61 per cent. and 3.89 per cent. of the Group's total operating revenue, respectively.

As a major local professional security service company, Zibo Security has played an important role in maintaining social stability and creating employment opportunities in Zibo City. Zibo Security's security services include security guards, security equipment supplies and armed escort, among which armed escort business constitutes a major source of income for Zibo Security. Over 90 per cent. of Zibo Security's total operating revenue is derived from its armed escort business, especially from it providing armed escort services to financial institutions in Zibo City. Zibo Security's armed escort business mainly involves escort of cash, gold and valuables, vault guard, ATM security and custody of valuables.

Other Businesses

The Group's other businesses primarily consist of futures income, installation and connection fees for natural gas pipelines, pipeline transportation fees, urban infrastructure supporting fees for water supply pipelines, and leasing service fees.

For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's other businesses was RMB303.47 million, RMB294.74 million and RMB118.21 million, representing 2.98 per cent., 2.90 per cent., and 1.21 per cent. of the Group's total operating revenue, respectively.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. The Group is not aware of significant problems experienced by it with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

INTERNAL CONTROL

The Group has established an internal control system to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The internal control system covers different aspects of the Group's operations, mainly including key issues determination management, budget management, financial management, external guarantee management, subsidiaries management, related party transaction and information disclosure. Each level and department of the Group is informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

INSURANCE

The Group purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice.

EMPLOYEES

As at the date of this Offering Circular, the Group has approximately 5,821 employees. In accordance with the applicable regulations of local government in Zibo City where the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant Zibo City authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. 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.

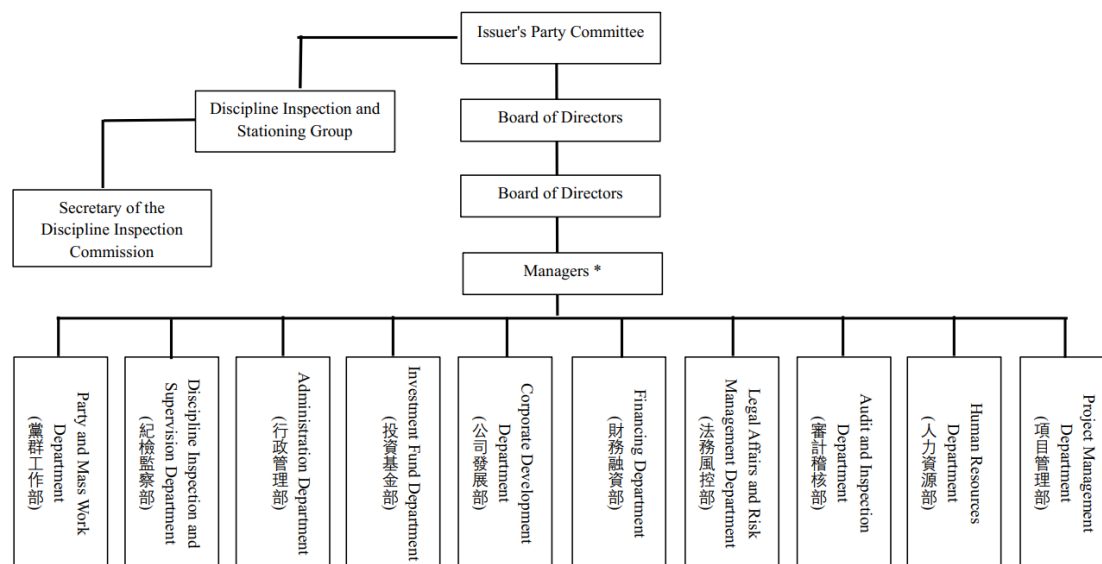
LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See "*Risk Factors – Risks Relating to the Group's Business and Industry – The Group is exposed to litigation risks*". To the best of its knowledge, there are no currently existing or pending litigation or arbitration proceedings against the Group or any of its directors or senior management as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition or results of operations.

DIRECTORS AND SENIOR MANAGEMENT

ORGANISATIONAL STRUCTURE

The following chart sets out the simplified organisational structure for the Issuer as at the date of this Offering Circular:



**Note:*

As at the date of this Offering Circular, the Issuer has four vice general managers. See “- Senior Management” below.

DIRECTORS

As at the date of this Offering Circular, the board of directors of the Issuer shall comprise four directors, including a chairman, one director, one employee representative director and one external director. The chairman and one director are designated by the contributory. The employee representative director is elected by the Issuer’s employee representative assembly, and the external director is appointed by the contributory.

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

Name	Title
Ms. Xue Yun (薛雲).....	Chairman of the Board of Directors
Mr. Du Zhigang (杜志剛)	Director and General Manager
Mr. Wang Xiqing (王習慶).....	Employee Representative Director
Ms. Zhang Hongbo (張紅博)	External Director

Ms. Xue Yun (薛雲), born in June 1972, obtained a bachelor’s degree, is the Deputy Secretary of the Issuer’s Communist Party Committee and the chairman of the Board of Directors of the Issuer. Since late April in 2023, Ms. Xue has ceased to be the general manager of the Issuer as decided by the Zibo Municipal Committee of Communist Party of China (中共淄博市委). Prior to joining the Group, Ms. Xue worked in Zibo Zhangdian District People’s Park Urban Credit Cooperatives (淄博市張店區人民公園城市信用合作社) and served as Deputy Governor and a member of Communist Party Committee of Qishang Bank, the Secretary of Communist Party Committee of Zibo sub-branch (淄博支行) and Luzhong sub-branch (魯中支行). Ms. Xue holds the accountant qualification (會計師資質).

Mr. Du Zhigang (杜志剛), born in November 1975, obtained a bachelor's degree, is the director and general manager of the Issuer. Mr. Du has previously served as the president of Zibo Branch of Qishang Bank (齊商銀行 淄博支行) and as a deputy general manager of the Issuer. He currently also serves as the chairman of Zibo Qilu Venture Capital Co., Ltd. (淄博齊魯創業投資有限責任公司).

Mr. Wang Xiqing (王習慶), born in November 1988, obtained a bachelor's degree, is the employee representative director of the Issuer. Prior to joining the Group, Mr. Wang served as the secretary to the chairman of the board in Shandong Hongxin Chemical Industry Joint-stock Co., Ltd. (山東宏信化工股份有限公司) and the sales manager in Shandong Lanhai Group (山東藍海集團).

Ms. Zhang Hongbo (張紅博), born in April 1972, obtained a bachelor's degree, is the external director of the Issuer. Ms. Zhang previously served as an external director of Zibo Qilu Venture Capital Co., Ltd. (淄博齊魯創業投資有限責任公司).

SENIOR MANAGEMENT

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

Name	Title
Mr. Du Zhigang (杜志剛)	Director and General Manager
Mr. Yue Lei (岳雷).....	Vice General Manager
Mr. Cui Qiang (崔強).....	Vice General Manager
Mr. Xing Chengliang (邢成亮)	Vice General Manager
Mr. Ning Guohui (寧國輝)	Vice General Manager

Mr. Du Zhigang (杜志剛), please refer to the profile of Mr. Du in “— *Directors*” above.

Mr. Yue Lei (岳雷), born in October 1975, obtained a bachelor's degree, is one of the vice general managers of the Issuer. Mr. Yue has previously served as deputy president of Dongying Branch of Qishang Bank (齊商銀行 東營分行) and general manager of the Network Finance Department of Qishang Bank (齊商銀行網絡金融部).

Mr. Cui Qiang (崔強), born in June 1975, obtained a master's degree, is one of the vice general managers of the Issuer. Mr. Cui has previously served as secretary of the Party Working Committee of Lishan Subdistrict, Yiyuan County (沂源縣歷山街道黨工委), and secretary of the Party Leadership Group and director of the Finance Bureau of Yiyuan County (沂源縣財政局).

Mr. Xing Chengliang (邢成亮), born in November 1974, obtained a bachelor's degree, is one of the vice general managers of the Issuer. Mr. Xing has previously served as president of Luzhong Branch (魯中支行) and chief risk officer of the Issuer.

Mr. Ning Guohui (寧國輝), born in December 1981, obtained a bachelor's degree, is one of the vice general managers of the Issuer. Mr. Ning has previously served as director of the Safety Management Department and director of the Tendering Management Department of Zibo City Asset Operation Group Co., Ltd. (淄博市城市資產運營集團有限公司).

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the issue of the Bonds by the Issuer and/or the Group's businesses and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Issuer, the Bonds or the Group's businesses and operations.

NDRC REGISTRATION

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (No. 11 of NDRC) issued by the NDRC on 26 December 2017 and effective as of 1 March 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is the NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) the NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ); (ii) the NDRC, if the investor is a local enterprise and the amount of investment by PRC parties is US\$0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of investment by PRC parties is less than US\$0.3 billion. The sensitive projects referred to in it include: (i) projects involving sensitive countries and regions; and (ii) projects involving sensitive industries. The sensitive countries and regions include: (i) countries and regions that have not yet established diplomatic relations with PRC; (ii) countries and regions where wars and civil strife occur; (iii) countries and regions where investment made by enterprises shall be restricted according to the international treaties and protocols concluded or acceded by PRC; and (iv) other sensitive countries and regions. The sensitive industries include: (i) research, production, maintenance and repair of military equipment; (ii) development and utilisation of cross-border water resources; (iii) news media; (iv) industries for which outbound investments by enterprises shall be restricted according to PRC laws, regulations and related regulatory policies. The category of sensitive industries shall be released by NDRC.

Order 56, which was issued on 5 January 2023 and came into effect on 10 February 2023, replace the Circular 2044. Order 56 imposes the following additional regulatory requirements:

- The enterprise for issuance of foreign debts, its controlling shareholders or de facto controlling persons (i) shall not have committed any crime relating to corruption, bribery, embezzlement or misappropriation of assets or other criminal offences that may impede the order of the socialist market economy, and (ii) shall not be under formal investigation for criminal offences or material breach of laws or regulations, in each case, within the past 3 years.
- Enterprises are required to undergo review and registration procedure to obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts. Whilst a failure to register will not invalidate the foreign debt, Order 56 provides that NDRC may take disciplinary measures against non-compliant enterprises and their main responsible persons, such as regulatory interview or public warning.
- Use of proceeds from foreign debt shall not threaten or be detrimental to information and data security, increase local government's hidden debts, or be used for speculative purposes. Order 56 remove the restriction that the proceeds of foreign debt shall not be applied to make up the losses, and, in relation to on-lending of proceeds, such arrangement is prohibited unless it has been disclosed in the application documents and approved by the NDRC.
- Enterprises are required to, among others, report on the status of the foreign debt within ten working days after the expiry of the relevant registration certificates, report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and promptly report on any material event that may affect the due performance of their debt obligations.
- Enterprises and their main responsible persons may be subject to a public warning, if there is any concealment, false record, misleading statement or material omission in the application documents and information disclosed by such enterprises, or if they fail to comply with certain reporting obligations.

SAFE ADMINISTRATION

According to the Administrative Measures for Foreign Debt Registration (外债登记管理办法) and its operating guidelines (外债登记管理操作指引), issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

On 12 January 2017, the PBOC issued the Cross Border Financing Circular, which is not applicable to government financing platforms or real estate enterprises. According to the Cross Border Financing Circular, nonfinancial institutions and financial institutions with legal person status incorporated in the PRC are permitted to incur foreign debts, provided that their cross-border financings risk-weighted balances (跨境融资风险加权余额) do not exceed their individually calculated cross-border financing risk-weighted balance ceiling (跨境融资风险加权余额上限) and enterprises conducting cross-border financing shall complete the filing with the capital project information system of SAFE after the execution of cross-border financing contracts and three PRC business days prior to drawing for SAFE's records. Enterprises shall also promptly update information on cross-border financing and rights and interests each year (including overseas creditors, borrowing term, amount, interest rate and its net assets, etc.). In the case of any change in the audited net assets, overseas creditors, borrowing term, amount, or interest rate involved in the financing contracts, the enterprise shall promptly file the change for SAFE's records.

PBOC REGISTRATION

Under the Cross Border Financing Circular, an enterprise shall report the information on the conclusion of cross-border financing contracts to the capital account information system of the SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. In addition, the enterprise is also required to update the information with respect to the cross-border financing every year. If the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprise is required to complete the change of the filing in due course.

THE PRC LEGAL SYSTEM

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

The National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC. The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

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

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level. The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret

specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

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

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

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

The Civil Procedure Law of the PRC (中华人民共和国民事诉讼法), which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of the contract, the place of execution or implementation of the contract or the place of the object of the contract or any other places materially connected with the dispute. However, such contractual selection may not override the stipulations of the mandated jurisdiction of the different levels of court and the exclusive jurisdiction of a given court in any case.

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

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

PRC CURRENCY CONTROLS

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (关于扩大跨境贸易人民币结算试点有关问题的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (关于扩大跨境贸易人民币结算地区的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (关于出口货物贸易人民币结算企业管理有关问题的通知) (together, the “**Circulars**”) with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the “**Supervision List**”).

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross—border Renminbi Business Procedures (关于简化跨境人民币业务流程和完善有关政策的通知) (the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

REGULATION ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中国人民银行、中国银行业监督管理委员会关于进一步加强信贷结构调整促进国民经济平稳较快发展的指导意见) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (国务院关于加强地方政府融资平台公司管理有关问题的通知) (“**Circular 19**”) and the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (国家发展改革委办公厅关于进一步规范地方政府投融资平台公司发行债券行为有关问题的通知) (“**Circular 2881**”) were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (国务院关于加强地方政府性债务管理的意见) (“**Circular 43**”) was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015 and amended on 29 December 2018, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social

investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments. On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the MOF, the PBOC and the CBRC (财政部人民银行银监会关于妥善解决地方政府融资平台公司在建项目后续融资问题意见的通知) (“**Circular 40**”) was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated.

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

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

Neither Circular 43 nor Circular 40 is applicable to the Bonds and neither the Zibo Finance Bureau, the Zibo Municipal Government nor any other government authority has any obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil their respective payment obligations under the Bonds, investors will only be able to claim against the Issuer, and not the Zibo Finance Bureau, the Zibo Municipal Government or any other government authority.

On 28 March 2018, MOF promulgated the Circular of the State Council on Regulating the Investment and Financing of Financial Enterprises to Local Governments and State-Owned Enterprises (关于规范金融企业对地方政府和国有企业投融资行为有关问题的通知) (“**MOF Circular 23**”), which came into effect on the same

day. Under MOF Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of fiscal funds shall be diligently verified. In bond prospectus and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

On 11 May 2018, the NDRC and MOF jointly issued Notice on Improving Market Restraint Mechanism and Strictly Preventing Foreign Debt Risk and Local Debt Risk (关于完善市场约束机制严格防范外债风险和地方债务风险的通知) (“**Joint Circular**”). Under Joint Circular, enterprises that take on foreign debts shall have materialised operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways, so as to ensure that “whoever borrows, who borrows from them, who borrows them, makes prudent decisions, and takes risks at his own expense”. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear. It is forbidden that public schools, public hospitals, public cultural facilities, parks, public squares, government office buildings, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises’ assets. It is restated that in bond prospectus and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

REGULATIONS ON EMPLOYMENT RELATIONSHIPS

Labour Laws

Pursuant to the Labour Law of the PRC (中华人民共和国劳动法) which was promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, respectively, and the Labour Contract Law of the PRC (中华人民共和国劳动合同法) which was promulgated on 29 June 2007 and became effective on 1 January 2008 and which was further amended on 28 December 2012 and became effective on 1 July 2013, if an employment relationship is established between an entity and its employees, written labour contracts shall be signed. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wages. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the State on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Social Security Laws

Under applicable PRC laws, rules and regulations, including the Social Security Law of the PRC (中华人民共和国社会保险法) which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Measures Concerning the Maternity Insurance of Enterprises Employees (企业职工生育保险试行办法) which became effective on 1 January 1995, the Interim Regulations on the Collection and Payment of Social Security Funds (社会保险费征缴暂行条例) which was promulgated and became effective on 22 January 1999 and was amended on 24 March 2019, the Regulation on Work-Related Injury Insurance (工伤保险条例), which was promulgated on 27 April 2003 and which was further amended on 20 December 2010, and the Regulations on the Administration of Housing Accumulation Funds (住房公积金管理条例) which was promulgated on 3 April 1999 and further amended on 24 March 2002 and 24 March 2019, respectively, employers are required to make contribution to the basic pension insurance fund, unemployment insurance, basic medical insurance fund, work-related injury insurance fund, maternity leave insurance fund and housing accumulation funds for their employees. If the employer fails to make social security registration and refuses to rectify within the prescribed time limits, in addition to a standard penalty of anywhere between CNY500 to CNY3,000 imposed directly on the responsible persons which are directly in charge and involved, the employer will also be subject to a penalty which is

calculated based on one to three times of the outstanding social security contributions.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the PRC (中华人民共和国招标投标法) promulgated by the Standing Committee of the National People's Congress (the “SCNPC”) on 30 August 1999 and amended on 27 December 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the PRC (中华人民共和国招标投标法实施条例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, amended on 1 March 2017 and 2 March 2019 which became effective on the same date, Measures for the Construction Bidding and Tendering of Construction of Engineering Projects (工程建设项目施工招标投标办法) jointly promulgated by the NDRC, the former Ministry of Construction (the “MOC”) (which has been replaced by the Ministry of Housing and Urban- Rural Development of the PRC, the “MOHURD”), the former Ministry of Railways (the “MOR”), Ministry of Transport (the “MOT”), Ministry of Information Industry of the PRC, Ministry of Water Resources of the PRC, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建筑工程设计招标投标管理办法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017, Provisions Engineering Projects Which Must Be Subject to Bidding (必须招标的工程项目规定) issued by the NDRC on 27 March 2018 and became effective on 1 June 2018, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建筑和市政基础设施工程施工招标投标管理办法) issued by MOC on 1 June 2001 and amended on 28 September 2018 and 13 March 2019 and became effective on the same date.

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

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

In accordance with the Bidding and Tendering Law of the PRC and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations No. 1 of the Supreme People’s Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院关于审理建设工程施工合同纠纷案件适用法律问题的解释(一)) issued by the Supreme People’s Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid. Further, in accordance with the provisions of the Interpretations No. 2 of the Supreme People’s Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院关于审理建设工程施工合同纠纷案件适用法律问题的解释(二)), issued by the Supreme People’s Court on 29 June 2026 and effective from 30 June 2026, a construction contract shall be invalid if the parties negotiate on substantive terms prior to the bid award or conduct tender procedures as a mere formality after having already reached an agreement.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the PRC, Regulation on Quality

Management of Construction Projects (建设工程质量管理条例) issued by the State Council on 30 January 2000 amended on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建设工程勘察质量管理办法) amended by MOC on 22 November 2007 and 1 April 2021 and became effective on the same date, Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建设工程质量保证金管理办法) issued jointly by MOHURD and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建筑和市政基础设施工程竣工验收备案管理办法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建筑工程质量保修办法) issued by MOC on 30 June 2000 and became effective on the same date, Measures for Completion Acceptance of Port Works (港口工程建设管理规定) promulgated by MOT on 15 January 2018 which became effective on 31 March 2018 and amended on 28 November 2019 and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工验收办法) promulgated by Ministry of Communications, which has been dismantled now, on 15 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 27 January 2010 and became effective on 1 May 2010.

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

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the PRC (中华人民共和国环境保护法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the PRC (中华人民共和国环境影响评价法) promulgated by SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建设项目环境保护管理条例) issued by State Council on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects, upon completion of construction of a construction project for which an environment impact report or environment impact statement is formulated, the builder shall conduct acceptance inspection of the complementary environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, and formulate the acceptance inspection report.

Environmental Protection

The Environmental Protection Law of the PRC (中华人民共和国环境保护法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC.

The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law of the PRC (中华人民共和国大气污染防治法), amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law of the PRC (中华人民共和国水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and

amended on 15 May 1996, 28 February 2008 and 27 June 2017, which became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law of the PRC (《中华人民共和国环境噪声污染防治法》), promulgated by the Standing Committee of the National People's Congress on 29 October 1996 amended on 29 December 2018, which became effective on the same date, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law of the PRC (《中华人民共和国环境影响评价法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, amended on 2 July 2016 and 29 December 2018, which became effective on the same date, the Administration Rules on Environmental Protection of Construction Projects (《建设项目环境保护管理条例》), promulgated by the State Council on 29 November 1998 and amended on 16 July 2017, which became effective on 1 October 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

The Ecological and Environmental Code of the People's Republic of China (《中华人民共和国生态环境法典》) (the "Ecological and Environmental Code") was enacted by the National People's Congress on 12 March 2026 and will come into force on 15 August 2026. The Code represents a major milestone in China's environmental governance, as it consolidates and replaces ten existing environmental laws, including the Environmental Protection Law, the Environmental Impact Assessment Law, and the laws on air, water, soil, solid waste, and noise pollution prevention and control. Upon its effective date, these standalone statutes will no longer remain in force. The Ecological and Environmental Code establishes a unified, comprehensive legal framework that overcomes the fragmentation, overlaps and inconsistencies inherent in the previous single-purpose legislation. While certain resource-related laws such as the Forest Law and the Grassland Law will continue to exist alongside the Code, the core environmental regulatory framework will be governed by the Code once it becomes effective.

Qualifications of Real Estate Developers

A PRC property developer must hold a valid qualification certificate to develop property. In addition, at various stages of project development, a PRC property developer must also obtain or renew various licences, certificates, permits and approvals from the relevant PRC administrative authorities, including land use right certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (《房地产开发企业资质管理规定》) issued on 29 March 2000 and last amended on 2 March 2022 by the MOHURD, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the issue of the provisional qualification certificate, it will not be allowed to extend the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfil all statutory requirements before they may obtain or renew their qualification certificates.

Land Acquisition Laws

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招标投标挂牌出让国有土地使用权规定) issued by the former Ministry of Land and Resources of the PRC (the “MLR”) (which has been merged with certain departments and formed the Ministry of Natural Resources of the PRC) (“Circular 11”) provide that, from 1 July 2002, land use rights for the purposes of commerce, tourism, entertainment and commodity residential property development in China shall be granted by the government only through public tender, auction or listing-for-sale.

In September 2007, the MLR further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Invitation for Bidding (招标投标挂牌出让国有建设用地使用权规定) to amend Circular 11, requiring that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates.

In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (关于进一步加强土地出让收支管理的通知). This notice raises the minimum down payment for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

The MLR promulgated the Notice on Problems Regarding Strengthening Supply and Monitoring of Real Estate Land Supply (关于加强房地产用地供应和监管有关问题的通知) on 8 March 2010. According to the notice, the land provision for affordable housing, redevelopment of slum districts and small/medium residential units for occupier owner should be no less than 70 per cent. of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The notice also requires that the lowest land grant price should not be less than 70 per cent. of the basic land price of the place where the granted land is located and the real estate developer’s bid deposit should not be less than 20 per cent. of the lowest grant price. The land grant agreement must be executed within ten working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50 per cent. and must be paid within one month after the execution of the land grant agreement. The balance should be paid in accordance with the agreement, but no later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land shall not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On 21 September 2010, the MLR and the MOHURD issued the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (国土资源部、住房和城乡建设部关于进一步加强房地产用地和建设管理调控的通知) to tighten the examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders’ borrowing, on-lending or raised funds and the credit certificate issued by commercial financial institutions. If the bidders are found to have conducted any of the following illegal or irregular activities, the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises’ reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

On 8 April 2013, the MLR issued the Notice on Issuance of Technical Code on Valuation for Land Grant Premium of State-owned Construction Land Use Rights (Trial) (关于发布<国有建设用地使用权出让地价评估技术规范(试行)>的通知). The notice provides that, the competent local land authority must conduct valuation process to determine the basic price of state-owned lands for grant, which shall be determined based on a valuation report on the land in consistent with the technical code issued. The ultimate land premium reached between the land authority and the grantee shall not be less than the basic price of the land determined previously. The Notice on Issuance of Technical Code on Valuation for Land Grant Premium of State-owned Construction Land Use Rights (Trial) was replaced by Notice on Issuance of Technical Code on Valuation for Land Grant Premium of State-owned Construction Land Use Rights (国土资源部办公厅关于印发<国有建设用地使用权出让地价评估技术规范>的通知) which was issued by MLR on 9 March 2018.

On 25 March 2015, the MLR and the MOHURD issued the Notice on Optimizing the Housing and Land Supply Structure in 2015 and Promoting Stable and Sound Development of Real Estate Market (国土资源部、住房城乡建设部关于优化 2015 年住房及用地供应结构促进房地产市场平稳健康发展的通知), pursuant to which if the real estate enterprises have conducted serious illegal or irregular activities in the land development and transaction, the competent authorities of land and resources have the power to restrict or forbid the real estate enterprises from participating in new land bidding activities.

Land Use Rights

If a developer fails to develop the project according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land use rights. Any violation of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating in, future land bidding. Specifically, pursuant to the Measure on Disposal of Idle Land (闲置土地处置办法) which was promulgated by MLR on 28 April 1999, as amended on 1 June 2012 and became effective on 1 July 2012, if a developer fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on such developer and impose an idle land fee of up to 20 per cent. of the land premium, unless the delay in the development is caused by government actions or force majeure. If a developer fails to commence the development for more than two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. On 12 September 2014, the Ministry of Land and Resources issued the Guidelines on Improving Economical and Intensive Use of Land (关于推进土地节约集约利用的指导意见), which implements the rules regarding idle land and specifies the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (关于完善差别化住房信贷政策有关问题的通知), which required commercial banks to cease to grant loans for new development projects and renewal of loans to property developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the use and nature of land, delaying the construction commencement and completion and refusing to sell the properties. On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (关于进一步做好房地产市场调控工作有关问题的通知), which stipulates that the PRC government will confiscate land use rights and impose a fine if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract.

Leases of Properties

On 1 December 2010, the MOHURD issued the Administrative Measures for Commodity Housing Tenancy (商品房租赁管理办法), according to which parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent governmental construction (real estate) departments of the county, city, or directly-controlled municipality where the housing is located within 30 days of signing the housing tenancy contract. The relevant construction (real estate) departments are authorised to impose a fine of up to RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other legal entities which are not natural persons and which fail to comply with the regulations within the specified time limit.

On 17 May 2016, the General Office of the State Council issued the Opinions on Accelerating the Cultivation and Development of Leasing Market (国务院办公厅关于加快培育和发展住房租赁市场的若干意见), which encourages real estate developers to carry out house leasing businesses. The opinions support real estate developers to utilise built residential properties or newly built residential properties to carry out leasing businesses. The opinions also encourage real estate developers to put up the residential properties for rent and to cooperate with residential property leasing enterprises to develop rental properties.

On 18 July 2017, the MOHURD, the NDRC and other government departments jointly released the Circular on Accelerating the Development of the Housing Leasing Market in Large and Medium-sized Cities with a Large Inflow Population (关于在人口净流入的大中城市加快发展住房租赁市场的通知). According to this circular, the government will take multiple measures to speed up the development of the rental market and increase supply of rental housing, including but not limited to, encouraging the local governments to increase land supply for the development of property for rental and increasing the proportion of rental housing to the commercial residential building projects.

On December 13, 2019, the MOHURD, the NDRC and other government departments jointly issued the “Opinions on Regulating the Leasing Market Order” (关于整顿规范住房租赁市场秩序的意见).

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

PRC GAAP is 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 Issuer. 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 recognised 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, 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.

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.

TAXATION

The following is a general description of certain tax considerations relating to the Bonds is based upon laws and relevant interpretations thereof 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.

Hong Kong

Withholding tax

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

Profits tax

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

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

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

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

In addition, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”) with effect from 1 January 2024, certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or

business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp duty

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

PRC

The following summary is a general description of the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “PRC” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors 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 and its implementation regulations and IT Law and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排) which was promulgated on 21 August 2006 (the “**Arrangement**”) will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by SAT. To enjoy this preferential tax rate of 7 per cent., the Issuer applies, on behalf of the Bondholders, to the STA of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days in aggregate within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be

deducted from the income.

VAT

On 25 December 2024, the NPC issued the new Value-added Tax law (the “New VAT Law”), which is effective on 1 January 2026. Pursuant to the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT, if the seller of the services is within the PRC or the services is consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC).

Additionally, 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 the seller of Bonds is located inside the PRC.

However, the new VAT Law and its implementation, together with other laws and regulations pertaining to VAT, are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Pursuant to the EIT Law, IIT Law and the VAT reform detailed above, the Issuer shall withhold EIT or IIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC resident enterprise or non-PRC resident individual Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, IIT, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Bonds - Condition 8 (Taxation)*”.

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 20 August 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 subscribers, and the Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds.

In the Subscription Agreement, each Manager agrees with the Issuer, subject to and in accordance with the terms of the Subscription Agreement, to use commercially reasonable efforts to procure subscribers to subscribe and pay for the Bonds, at the Issue Price (defined in the Subscription Agreement). The Issuer acknowledges and agrees in the Subscription Agreement that the engagement of each of the Managers under the Subscription Agreement is not an agreement by it or any of its affiliates to underwrite, subscribe or purchase any securities or otherwise provide any financing. The Managers shall not be under any obligation to purchase the Bonds if subscribers are not procured for any or all of the Bonds. For the avoidance of doubt, the Issuer acknowledges in the Subscription Agreement that the Managers are not underwriting the Bonds and, in no circumstances shall the Managers be required to purchase the Bonds as principal.

Managers	Principal amount of the Bonds to be subscribed
Guotai Junan Securities (Hong Kong) Limited.....	CNY142,500,000
China Securities (International) Corporate Finance Company Limited	CNY142,500,000
CLSA Limited	CNY142,500,000
SunRiver International Securities Group Limited	CNY142,500,000
China Galaxy International Securities (Hong Kong) Co., Limited	CNY1,000,000
China Industrial Securities International Brokerage Limited	CNY1,000,000
China Merchants Securities (HK) Co., Limited	CNY1,000,000
CMBC Securities Company Limited	CNY1,000,000
Haitong International Securities Company Limited	CNY1,000,000
Huatai Financial Holdings (Hong Kong) Limited	CNY1,000,000
Industrial Bank Co., Ltd. Hong Kong Branch,	CNY1,000,000
Initial Capital Securities Limited	CNY1,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	CNY1,000,000
Shenwan Hongyuan Securities (H.K.) Limited	CNY1,000,000
Total.....	CNY580,000,000

The Subscription Agreement provides that the Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would 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).

In connection with the issue of the Bonds, any of the Managers appointed and acting in its capacity as a Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilising Manager.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

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

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

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

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

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

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

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

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

- The name of each underlying investor;
- A unique identification number for each investor;

- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: dcm.Qixin@gtjas.com.hk; DCM_HK@csci.hk; ib.dcm.northchina@clsa.com; project.qixin@sris.com.hk.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the book-building process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The 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 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 or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers.

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

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Managers represents that it has not offered or sold, and agrees that it will not offer or sell, any of the Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

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

United Kingdom

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

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented, warranted 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 or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

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

The PRC

Each of the Managers 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 PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the PRC.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through the CMU under the following securities codes:

CMU Instrument Number: BOAKFB26031;

Common Code: 344647577; and

ISIN: HK0001323473.
2. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 8368002OFA3CG3MQCW92.
3. **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 and the listing of the Bonds. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 10 September 2025 and the approvals by the Zibo Finance Bureau dated 28 September 2025.
4. **No Material Adverse Change:** Except as otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2025.
5. **Litigation:** Except as otherwise disclosed in this Offering Circular, none of the Issuer or any other member of the Group is involved in any pending litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition nor is the Issuer aware that any such proceedings are threatened.
6. **Available Documents:** So long as any of the Bonds remain outstanding, copies of the Trust Deed and the Agency Agreement will be available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the CMU Lodging and Paying Agent (being at the date of this Offering Circular at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong), following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent.
7. **Financial Statements:** Beijing Xinghua, independent auditors of the Issuer, has audited, and rendered unqualified audit report on, the consolidated financial statements of the Issuer for the years ended 31 December 2024 and 2025.
8. **Listing of Bonds:** 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. It is expected that the permission to deal in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 28 August 2026.

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Zibo Caijin Holding Group Co.,Ltd.
Auditor's Report 2025

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AUDITORS' REPORT

(2026)Jing Kuai Xing Shen Zi No.00470069

Zibo Caijin Holding Group Co.,Ltd.:

I. Opinion

We have audited the accompanying financial statements of Zibo Caijin Holding Group Co.,Ltd.(hereinafter referred to as “the Company”),which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31,2025,the consolidated income statement and the parent company's income statement,the consolidated statement of cash flows and the parent company's statement of cash flows,and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended,as well as notes to the relevant financial statements.

In our opinion,the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly,in all material respects,the consolidated financial position of the Company and the parent company's financial position as at December 31,2025 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

II. Basis for the Auditor's Opinion

We conducted our audit in accordance with the China Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the section “Auditors’ Responsibilities for the Audit of the Financial Statements” of the audit report. In compliance with China Standard on Independence for Certified Public Accountants No. 1 — Independence Requirements for Financial Statement Audit and Review Engagements and the Code of Professional Ethics for Certified Public Accountants of China, we maintain independence from Zibo Financial Holding Co., Ltd., and have fulfilled our other ethical responsibilities. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other Information

The management of Zibo Finance and Capital Holding Group Co., Ltd. (hereinafter referred to as "the Management") is responsible for the other information. The other information comprises the information included in the 2025 Annual Report, but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained by us during the audit, or appears to contain material misstatements.

Based on the procedures we have performed, if we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, the Management at the Company is responsible for

assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless the Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

V. The Responsibilities of the Certified Public Accountants for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Zibo Caijin Holding Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Zibo Caijin Holding Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Zibo Caijin Holding Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(No text on this page)

Bei Jing Xing Hua Certified Public
Accountants(Special General
Partnership)

China Beijing



PRC Certified Public Accountant

PRC Certified Public Accountant

26 April, 2026

中国注册会计师
董美华
370100190020

中国注册会计师
王玉霜
110004130100

Note: The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under Accounting Standards for Business Enterprises in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Balance Sheet

As At 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ASSETS	NOTES	31/12/2025	31/12/2024
CURRENT ASSETS:			
Monetary funds	V、(1)	8,629,658,413.53	7,384,568,929.88
Clearing settlement funds*		-	-
Placements with banks and other financial institutions*		-	-
Financial assets held for trading	V、(2)	254,694,778.45	256,125,349.57
Derivative financial assets		-	-
Notes receivable	V、(3)	121,793,637.73	90,350,262.00
Accounts receivable	V、(4)	2,070,476,309.86	2,002,225,199.97
Receivables financing	V、(V)	453,682.26	16,917,037.06
Prepayments	V、(6)	1,486,570,497.29	1,458,923,086.28
Premium Receivables*		-	-
Receivables from reinsurers*		-	-
Reinsurance contract reserves receivable*		-	-
Other receivables	V、(7)	8,333,295,701.95	7,284,293,088.57
Of which: Interest receivable		-	-
Dividend receivable		-	-
Financial assets purchased under agreements to resell*		-	-
Inventories	V、(8)	3,596,558,939.34	3,596,370,180.43
Contract assets	V、(9)	-	196,993,873.20
Assets held for sale		-	-
Non-current assets due within one year	V、(10)	79,682,179.82	98,628,158.59
Other current assets	V、(11)	3,417,335,690.47	3,179,677,783.75
TOTAL CURRENT ASSETS		27,990,519,830.70	25,565,072,949.30
NON-CURRENT ASSETS:			
Loans and advances to customers*			
Debt investment	V、(12)	1,720,000,000.00	1,500,000,000.00
Other debt investments		-	-
Long-term receivables	V、(13)	2,496,049.88	5,376,909.26
Long-term equity investments	V、(14)	3,828,805,403.19	4,135,628,674.83
Other equity instrument investments	V、(15)	11,564,297,928.21	12,154,979,947.36
Other non-current financial assets	V、(16)	3,647,695,456.55	2,744,585,858.14
Investment properties	V、(17)	53,706,110.20	59,874,287.22
Fixed assets	V、(18)	5,376,989,293.37	6,247,832,155.27
Construction in progress	V、(19)	1,439,941,587.84	1,573,268,036.50
Productive biological assets		-	-
Oil and gas assets			
Right-of-use assets	V、(20)	7,547,154.15	169,208,741.65
Intangible assets	V、(21)	2,056,507,837.87	2,152,486,904.88
Development expenditure	V、(22)	-	451,498.66
Goodwill	V、(23)	533,179,907.83	1,731,840,225.64
Long-term deferred expenses	V、(24)	64,377,636.46	67,363,287.84
Deferred income tax assets	V、(25)	122,663,754.90	227,443,369.43
Other non-current assets	V、(26)	489,978,901.44	227,771,479.18
TOTAL NON-CURRENT ASSETS		30,908,187,021.89	32,998,111,375.86
TOTAL ASSETS		58,898,706,852.59	58,563,184,325.16

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



Consolidated Balance Sheet

As At 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

LIABILITIES AND OWNERS' EQUITY	NOTES	31/12/2025	31/12/2024
CURRENT LIABILITIES:			
Short-term borrowings	V, (27)	3,223,035,177.43	3,411,729,856.41
Borrowings from Central Bank*		-	-
Placements from banks and other financial institutions*		-	-
Held-for-trading financial liabilities		-	-
Derivative financial liabilities		-	-
Notes payable	V, (28)	407,860,268.65	230,299,971.56
Accounts payable	V, (29)	870,096,780.75	1,774,558,476.55
Advance receipts	V, (30)	586,494.35	-
Contract liabilities	V, (31)	2,003,211,769.55	1,999,785,591.82
Assets sold under agreements to repurchase*		-	-
Customer bank deposits and due to banks and other financial institutions*		-	-
Funds from dealing in securities*		-	-
Funds from underwriting securities agency*		-	-
Employee compensation payable	V, (32)	127,889,838.94	135,060,216.07
Taxes and surcharges payable	V, (33)	147,047,099.60	171,815,118.91
Other payables	V, (34)	3,896,539,226.56	4,821,120,017.19
Of which: Interest payable		-	-
Dividend payable		66,012,000.00	80,112,000.00
Commission and brokerage payable*		-	-
Due to reinsurers*		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year	V, (35)	4,555,351,128.84	2,392,093,487.22
Other current liabilities	V, (36)	6,470,249,026.24	4,533,630,906.28
TOTAL CURRENT LIABILITIES		21,701,866,810.91	19,470,093,642.01
NON-CURRENT LIABILITIES:			
Insurance contract reserves*		-	-
Long-term borrowings	V, (37)	2,940,793,166.63	3,459,469,722.64
Bonds payable	V, (38)	10,013,974,695.59	11,368,455,772.69
Including: Preference shares		-	-
Perpetual bonds		-	-
Lease liabilities	V, (39)	10,385,196.41	124,917,746.51
Long-term payables	V, (40)	1,258,110,144.93	1,765,434,298.75
Long-term staff remuneration payables		-	-
Accrued liabilities	V, (41)	9,471,296.65	3,796.67
Deferred income	V, (42)	462,779,033.65	476,683,952.81
Deferred income tax assets	V, (25)	1,738,063,985.74	1,621,701,076.84
Other non-current liabilities	V, (43)	1,503,737,500.01	1,504,812,500.00
TOTAL NON-CURRENT LIABILITIES		17,937,315,019.61	20,321,478,866.91
TOTAL LIABILITIES		39,639,181,830.52	39,791,572,508.92
OWNERS' EQUITY:			
Paid-in capital	V, (44)	3,228,021,472.87	2,375,021,472.87
Other equity instruments	V, (45)	798,150,943.40	23,548,737.74
Including: Preference shares		-	-
Perpetual Bonds		798,150,943.40	-
Capital reserves	V, (46)	9,349,595,749.65	9,804,067,254.37
Less: treasury shares		-	-
Other comprehensive income	V, (47)	4,329,770,396.99	4,700,754,414.13
Special reserves	V, (48)	65,589,318.38	56,444,507.49
Surplus reserves	V, (49)	7,544,576.74	7,544,576.74
General risk provision*	V, (50)	41,073,794.14	27,002,602.76
Undistributed profits	V, (51)	-261,003,938.09	-831,070,097.21
Total equity attributable to owners of Company		17,558,742,314.08	16,163,313,468.89
Minority interests		1,700,782,707.99	2,608,298,347.35
TOTAL OWNERS' EQUITY		19,259,525,022.07	18,771,611,816.24
TOTAL LIABILITIES AND OWNERS' EQUITY		58,898,706,852.59	58,563,184,325.16

Legal Representative:

Financial Controller:

Head of the Financial Department:



崔强

李维清

The Parent Company's Balance Sheet

As At 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ASSETS	NOTES	31/12/2025	31/12/2024
CURRENT ASSETS:			
Monetary funds		1,233,497,654.08	1,013,899,553.80
Financial assets held for trading		20,000,000.00	-
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	XII、(1)	43,559,653.76	38,855,996.59
Receivables financing		-	-
Prepayments		25,225,987.31	22,973,718.95
Other receivables	XII、(2)	6,135,352,306.39	5,290,942,619.36
Of which: Interest receivable		-	-
Dividend receivable		-	-
Inventories		-	-
Contract assets		-	-
Assets held for sale		-	-
Non-current assets due within one year		-	-
Other current assets		-	-
TOTAL CURRENT ASSETS		7,457,635,601.54	6,366,671,888.70
NON-CURRENT ASSETS:			
Debt investment		1,720,000,000.00	1,500,000,000.00
Other debt investments		-	-
Long-term receivables		-	-
Long-term equity investments	XII、(3)	14,650,304,118.43	16,012,322,451.01
Other equity instrument investments		3,917,156,193.29	3,803,111,868.62
Other non-current financial assets		2,561,707,319.88	1,692,370,479.36
Investment properties		-	-
Fixed assets		168,787,174.67	174,004,357.61
Construction in progress		-	541,280.18
Productive biological assets		-	-
Oil and gas assets		-	-
Right-of-use assets		-	-
Intangible assets		1,607,716.52	1,813,657.36
Development expenditure		-	-
Goodwill		-	-
Long-term deferred expenses		-	-
Deferred income tax assets		-	-
Other non-current assets		50,000,000.00	-
TOTAL NON-CURRENT ASSETS		23,069,562,522.79	23,184,164,094.14
TOTAL ASSETS		30,527,198,124.33	29,550,835,982.84

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



The Parent Company's Balance Sheet

As At 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

LIABILITIES AND OWNERS' EQUITY	NOTES	31/12/2025	31/12/2024
CURRENT LIABILITIES:			
Short-term borrowings		1,307,013,994.44	1,351,558,611.11
Financial liabilities at fair value through profit or loss		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable		-	-
Advance receipts		308,074.54	-
Contract liabilities		-	919,811.32
Employee compensation payable		3,639,446.00	1,759,786.96
Taxes and surcharges payable		3,701,867.43	9,027,233.06
Other payables		760,868,376.49	1,754,448,842.49
Of which: Interest payable		-	-
Dividend payable		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year		2,949,792,389.84	1,570,063,106.11
Other current liabilities		-	55,188.68
TOTAL CURRENT LIABILITIES		5,025,324,148.74	4,687,832,579.73
NON-CURRENT LIABILITIES:			
Long-term borrowings		1,877,974,041.67	1,825,000,000.00
Bonds payable		10,013,974,695.59	10,854,105,137.11
Including: Preference shares		-	-
Perpetual bonds		-	-
Lease liabilities		-	-
Long-term payables		152,000,000.00	120,923,697.20
Long-term staff remuneration payables		-	-
Accrued liabilities		-	-
Deferred income		-	-
Deferred income tax assets		599,643,155.73	354,461,463.04
Other non-current liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		12,643,591,892.99	13,154,490,297.35
TOTAL LIABILITIES		17,668,916,041.73	17,842,322,877.08
OWNERS' EQUITY:			
Paid-in capital		3,228,021,472.87	2,375,021,472.87
Other equity instruments		798,150,943.40	-
Including: Preference shares		-	-
Perpetual Bonds		798,150,943.40	-
Capital reserves		7,844,036,190.83	8,787,547,912.52
Less: treasury shares		-	-
Other comprehensive income		1,066,402,783.06	1,003,017,595.94
Special reserves		-	-
Surplus reserves		7,544,576.74	7,544,576.74
Undistributed profits		-85,873,884.30	-464,618,452.31
TOTAL OWNERS' EQUITY		12,858,282,082.60	11,708,513,105.76
TOTAL LIABILITIES AND OWNERS' EQUITY		30,527,198,124.33	29,550,835,982.84

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清

Consolidated Income Statement

For The Year Ended 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Operating revenue	V、(52)	9,745,731,180.74	10,156,025,226.12
Of which: Operating revenue	V、(52)	9,745,731,180.74	10,156,025,226.12
Interest income*		-	-
Earned premium		-	-
Handling charges and commission income		-	-
II. Total operating costs		10,327,360,423.09	10,469,630,030.78
Of which: Operating costs	V、(52)	7,995,357,889.45	8,333,433,683.03
Interest expense*		-	-
Commission and brokerage expenses*		-	-
Surrenders*		-	-
Net claims paid*		-	-
Change in insurance contract reserves, net*	V、(53)	18,657,223.37	10,889,247.05
Policyholder dividend expense*		-	-
Expenses for reinsurance accepted*		-	-
Tax and surcharges	V、(54)	133,943,647.94	120,400,129.52
Selling and distribution expenses	V、(55)	170,199,188.88	162,379,850.10
General and administrative expenses	V、(56)	821,562,271.22	878,575,291.66
Research and development expenditure	V、(57)	124,726,969.67	133,985,774.82
Finance expenses	V、(58)	1,062,913,232.56	829,966,054.60
Including: Interest expenses		1,137,283,353.28	991,188,321.20
Interest income		127,550,495.88	161,799,499.28
Add: Other income	V、(59)	20,716,082.24	31,859,351.73
Investment income ("-"denotes loss)	V、(60)	422,608,951.62	194,716,821.29
Including: Investment income from associates and joint ventures		128,110,677.77	131,823,705.01
Gains on derecognition of financial assets measured at amortised		-	-
Exchange gains ("-"denotes loss)*		-	-
Gains / (losses) on net exposure to hedging risk ("-"denotes loss)		-	-
Gains/losses on changes in fair values ("-"denotes loss)	V、(61)	884,975,299.19	131,952,661.31
Credit impairment losses ("-"denotes loss)	V、(62)	-43,015,396.61	-203,450,023.86
Asset impairment losses ("-"denotes loss)	V、(63)	-43,287,287.44	265,814,896.94
Gains / losses on assets disposal ("-"denotes loss)	V、(64)	-3,038,983.80	10,727,103.36
III. Operating profit/loss ("-"denotes loss)		637,329,422.85	118,016,006.11
Add: Non-operating income	V、(65)	224,226,047.41	21,490,576.28
Less: Non-operating expenses	V、(66)	16,930,649.26	29,704,874.61
IV. Profit/loss before income tax ("-"denotes loss)		844,624,821.00	109,801,707.78
Less: Income tax expenses	V、(67)	338,860,204.71	68,321,989.38
V. Net profit/loss ("-"denotes loss)		505,764,616.29	41,479,718.40
(I) Classified by continuity of business			
1. Net profit/loss from continuing operations ("-"denotes loss)		505,764,616.29	41,479,718.40
2. Net profit/loss from discontinued operations ("-"denotes loss)		-	-
(II) Classified by ownership attribution			
1. Net profit attributable to owners of parent company ("-"denotes loss)		480,818,643.28	88,353,372.76
2. Profit/loss attributable to minority shareholders ("-"denotes loss)		24,945,973.01	-46,873,654.36
VI. Other comprehensive income, net of tax		-227,632,678.47	-796,815,339.43
(I) Total other comprehensive income attributable to owners of parent		-227,225,599.74	-796,289,148.12
1. Other comprehensive income that will not be reclassified to profit and loss		-199,106,315.07	-823,278,116.56
(1) Changes in remeasurement of defined benefit plan		-	-
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
(3) Other equity instrument investments - Changes in fair value		-199,106,315.07	-823,278,116.56
(4) Changes in fair value of own credit risk		-	-
(5) Other		-	-
2. Other comprehensive income that will be reclassified to profit and loss in subsequent periods		-28,119,284.67	26,988,968.44
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method		-2,915,936.38	2,458,001.96
(2) Change in fair value of other debt investments		-24,492,576.77	24,906,785.99
(3) Amount reclassified from financial assets to other comprehensive		-	-
(4) Provision for credit loss of other debt investments		-681,856.16	-317,204.71
(5) Cash flow hedging reserve		-	-
(6) Translation difference of financial statements in foreign currency		-28,915.36	-58,614.80
(7) Other		-	-
(II) Other comprehensive income attributable to minority shareholders, net		-407,078.73	-526,191.31
VI. Total comprehensive income / loss		278,131,937.82	-755,335,621.03
(I) Total comprehensive income attributable to owners of parent		253,593,043.54	-707,935,775.36
(II) Total comprehensive income attributable to non-controlling		24,538,894.28	-47,399,845.67
V. Earnings per share:			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/share)			

Legal Representative:

Financial Controller:

Head of the Financial Department:



崔强

李维清

Consolidated cash flow statement

For The Year Ended 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Operating revenue	XII, (4)	708,684,938.86	772,976,085.57
Less: Operating costs	XII, (4)	652,764,301.12	619,749,115.05
Tax and surcharges		2,302,445.47	1,975,498.76
Selling and distribution expenses		-	-
General and administrative expenses		30,645,379.22	24,842,594.14
Research and development expenditure		-	-
Finance expenses		617,155,669.51	589,394,361.12
Including: Interest expenses		594,917,630.06	595,212,896.94
Interest income		8,191,851.81	9,256,922.45
Add: Other income		40,284.43	51,166.67
Investment income ("-"denotes loss)	XII, (5)	271,229,714.11	179,957,373.35
Including: Investment income from associates and joint ventures		29,746,803.59	37,537,083.03
Gains on derecognition of financial assets measured at amortised cost		-	-
Gains on net exposure to hedging risk ("-"denotes loss)		-	-
Gains /losses on changes in fair values ("-"denotes loss)		806,111,090.52	31,580,586.07
Credit impairment losses ("-"denotes loss)		-	-
Asset impairment losses ("-"denotes loss)		-	-
Gains/losses on assets disposal ("-"denotes loss)		-	-
II. Operating profit/loss ("-"denotes loss)		483,198,232.60	-251,396,357.41
Add: Non-operating income		139,000.00	16,000.00
Less: Non-operating expenses		1,008.22	2,518,887.54
III. Profit/loss before income tax ("-"denotes loss)		483,336,224.38	-253,899,244.95
Less: Income tax expenses		201,527,772.63	7,895,146.52
IV. Net profit/loss ("-"denotes loss)		281,808,451.75	-261,794,391.47
(I) Net profit/loss from continuing operations ("-"denotes loss)		281,808,451.75	-261,794,391.47
(II) Net profit/loss from discontinued operations ("-"denotes loss)		-	-
V. Other comprehensive income, net of tax		171,059,391.61	-28,411,132.28
(I) Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		179,311,781.84	-36,357,172.76
1. Changes in remeasurement of defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Other equity instrument investments -Changes in fair value		179,311,781.84	-36,357,172.76
4. Changes in the fair value of the business's own credit risk		-	-
5. Other		-	-
(II) Other comprehensive income that will be reclassified to profit or loss in subsequent periods		-8,252,390.23	7,946,040.48
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		-856,643.95	722,111.95
2. Change in fair value of other debt investments		-7,195,430.54	7,317,116.95
3. Amount reclassified from financial assets to other comprehensive		-	-
4. Provision for credit impairment of other debt investments		-200,315.74	-93,188.42
5. Cash flow hedging reserve		-	-
6. Translation difference of financial statements in foreign currency		-	-
7. Other		-	-
VI. Total comprehensive income/loss		452,867,843.36	-290,205,523.75

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清

Consolidated Company's cash flow statement

For The Year Ended 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		10,537,071,597.10	10,176,998,952.22
Net increase in customer bank deposits and due to banks and other financial institutions*			
Net increase in borrowings from central banks			
Net increase in placements from other financial institutions*			
Premiums received from original insurance contracts*			
Net cash received from reinsurance business*			
Net increase in deposits and investments from policyholders*			
Cash received on interest, handling fee and commission*			
Net increase in placements from banks and other financial institutions*			
Net increase in repurchase business capital*			
Net cash received from dealing in securities*			
Tax rebates received		6,139,844.86	5,884,085.22
Cash receipts relating to other operating activities		4,254,635,235.08	3,259,888,329.18
Subtotal of cash inflows from operating activities		14,797,846,677.04	13,442,771,366.62
Cash paid for goods and services		10,245,740,806.84	10,051,849,405.98
Net increase in loans and advances to customers*			
Net increase in deposits with central bank and other financial institutions*			
Original insurance contract claims paid*			
Net increase in placements from banks and other financial institutions*			
Cash paid for interest, handling fees and commissions*			
Policyholder dividend paid*			
Cash paid to and for employees		1,037,765,619.03	1,199,468,175.58
Payments of taxes and surcharges		482,551,264.00	449,919,263.61
Cash payments relating to other operating activities		2,771,812,644.51	1,676,948,862.92
Subtotal of cash outflows from operating activities		14,537,870,334.38	13,378,185,708.09
Net cash flows from operating activities		259,976,342.66	64,585,658.53
II. Cash flows from investing activities:			
Cash received from disposal of investments		870,190,396.31	327,911,068.41
Cash received from investment income		172,244,187.38	85,112,489.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,067,243.45	10,761,736.48
Net cash received from disposal of subsidiaries and other business units		546,121,929.94	-
Cash receipts relating to other investing activities		261,366.47	-
Subtotal of cash inflows from investing activities		1,593,885,123.55	423,785,294.55
Cash paid for purchase of fixed assets, intangible assets and other long-term		381,806,503.49	677,367,992.33
Cash paid for investments		522,557,966.12	1,863,000,000.00
Net increase in pledge loans*		-	-
Net cash payments from subsidiaries and other business units		-	-
Cash payments relating to other investing activities		3,329,874.19	301,489,326.35
Subtotal of cash outflows from investing activities		907,694,343.80	2,841,857,318.68
Net cash flows from investing activities		686,190,779.75	-2,418,072,024.13
III. Cash flows from financing activities:			
Cash received from absorbing investments		1,660,486,180.00	770,000,000.00
Including: cash received from subsidiaries absorbing minority shareholders' investments		-	-
Cash received from borrowings		12,178,255,319.06	10,589,409,075.86
Cash receipts relating to other financing activities		243,530,997.96	1,711,218.53
Subtotal of cash inflows from financing activities		14,082,272,497.02	11,361,120,294.39
Cash repaid for debts		11,475,024,332.07	8,342,987,409.69
Cash paid for distribution of dividends, profits and interest payments		1,684,863,959.60	1,099,437,526.86
Including: Dividends and profits paid by subsidiaries to non-controlling		-	-
Cash payments relating to other financing activities		764,052,469.70	431,567,591.21
Subtotal of cash outflows from investing activities		13,923,940,761.37	9,873,992,527.76
Net cash flows from financing activities		158,331,735.65	1,487,127,766.63
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,544,522.87	-83,947.96
V. Net increase in cash and cash equivalents		1,106,043,380.93	-866,442,546.93
Add: Opening balance of cash and cash equivalents as at the beginning of the period		6,957,093,614.46	7,823,536,161.39
VI. Balance of cash and cash equivalents as at the end of the period		8,063,136,995.39	6,957,093,614.46

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



The Parent Company's cash flow statement

For The Year Ended 31 December 2025

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I.Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,024,776,477.12	1,212,084,382.21
Tax rebates received		-	-
Cash receipts relating to other operating activities		1,914,995,216.07	15,080,607,160.28
Subtotal of cash inflows from operating activities		2,939,771,693.19	16,292,691,542.49
Cash paid for goods and services		942,044,128.68	1,000,563,389.73
Cash paid to and for employees		10,063,327.61	10,417,129.38
Payments of taxes and surcharges		19,524,997.56	10,739,371.81
Cash payments relating to other operating activities		2,532,570,778.59	13,923,210,723.07
Subtotal of cash outflows from operating activities		3,504,203,232.44	14,944,930,613.99
Net cash flows from operating activities		-564,431,539.25	1,347,760,928.50
II.Cash flows from investing activities:			
Cash received from disposal of investments		85,386,319.43	580,934,934.23
Cash received from investment income		359,925,393.62	147,258,511.47
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		3,960,000.00	-
Net cash received from disposal of subsidiaries and other business units		546,121,929.94	-
Cash receipts relating to other investing activities		3,252,000,000.00	-
Subtotal of cash inflows from investing activities		4,247,393,642.99	728,193,445.70
Cash paid for purchase of fixed assets,intangible assets and other long-term assets		380,981.94	309,500.01
Cash paid for investments		855,507,950.00	4,042,130,874.00
Net cash payments from subsidiaries and other business units		-	-
Cash payments relating to other investing activities		3,385,705,500.00	1,489,326.35
Subtotal of cash outflows from investing activities		4,241,594,431.94	4,043,929,700.36
Net cash flows from investing activities		5,799,211.05	-3,315,736,254.66
III.Cash flows from financing activities:			
Cash received from absorbing investments		1,653,000,000.00	570,000,000.00
Cash received from borrowings		8,786,950,000.00	6,960,000,000.00
Cash receipts relating to other financing activities		-	-
Subtotal of cash inflows from financing activities		10,439,950,000.00	7,530,000,000.00
Cash repaid for debts		8,243,000,000.00	5,202,271,957.47
Cash paid for dividend and profit distribution or interest		1,172,278,839.44	870,471,097.84
Cash payments relating to other financing activities		440,692,095.67	10,596,555.61
Subtotal of cash outflows from investing activities		9,855,970,935.11	6,083,339,610.92
Net cash flows from financing activities		583,979,064.89	1,446,660,389.08
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V.Net increase in cash and cash equivalents		25,346,736.69	-521,314,937.08
Add:Opening balance of cash and cash equivalents as at the beginning of the period		891,876,207.53	1,413,191,144.61
VI.Closing balance of cash and cash equivalents as at the end of the period		917,222,944.22	891,876,207.53

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清

Consolidated statement of changes in owners' equity

For The Year Ended 31 December 2025

Prepared by Zibo Cuijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	Current Year														Minority interest	Total owner's equity
	Equity attributable to shareholders of the Company															
	Share capital	Preference shares	Other equity instruments		Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General Risk Reserve	Retained profit	Other	Subtotal			
			Perpetual bonds	Others												
I. Balance as at the end of the prior year	2,375,021,472.87	-	-	23,548,737.74	9,804,067,254.37	-	4,700,754,414.13	56,444,507.49	7,544,576.74	27,002,602.76	-831,070,097.21	-	16,163,313,468.89	2,608,298,347.35	18,771,611,816.24	
Add: Adjustment for changes in accounting policies																
Correction of errors of prior periods																
Others																
II. Balance as at the beginning of the year	2,375,021,472.87	-	-	23,548,737.74	9,804,067,254.37	-	4,700,754,414.13	56,444,507.49	7,544,576.74	27,002,602.76	-831,070,097.21	-	16,163,313,468.89	2,608,298,347.35	18,771,611,816.24	
III. Changes in the period ("-" denotes decrease)	853,000,000.00	-	798,150,943.40	-23,548,737.74	-454,471,504.72	-	-370,984,017.14	9,144,810.89	-	14,071,191.38	570,066,159.12	-	1,395,428,845.19	-907,515,639.36	487,913,205.83	
(I) Total comprehensive income							-227,325,599.74				480,818,643.28		253,593,043.54	24,538,894.28	278,131,937.82	
(II) Capital paid in and reduced by shareholder	853,000,000.00	-	798,150,943.40	-23,548,737.74	-454,294,866.38	-	2,674,771.53	-	-	-	-151,811.30	-	1,175,830,299.51	-792,137,205.70	383,693,093.81	
1. Ordinary shares contributed by shareholders	853,000,000.00	-				-						-	853,000,000.00	31,986,180.00	884,986,180.00	
2. Capital paid by holders of other equity instruments		-	798,150,943.40	-		-							798,150,943.40		798,150,943.40	
3. Amount of share-based payments recognised in shareholders' equity																
4. Others				-23,548,737.74	-454,294,866.38		2,674,771.53				-151,811.30		-475,320,643.89	-824,123,385.70	-1,299,444,029.59	
(III) Profit distribution		-	-	-	-	-	-	-	-	14,071,191.38	-20,482,407.52	-	-6,411,216.14	-141,300,000.00	-147,711,216.14	
1. Transfer to surplus reserves																
2. Transfer to general reserves*										14,071,191.38	-14,071,191.38		-			
3. Distribution to shareholders											-6,411,216.14		-6,411,216.14	-141,300,000.00	-147,711,216.14	
4. Others																
(IV) Internal transfer of owners' equity		-	-	-	-	-	-146,433,188.93	-	-	-	146,433,188.93	-	-	-	-	
1. Transfer from capital reserve to equity (or share capital)																
2. Transfer from surplus reserve to equity (or share capital)																
3. Transfer from surplus reserve to make up for loss																
4. Set up benefit plan changes to carry forward retained earnings																
5. Other comprehensive income is carried forward to retained earnings							-146,433,188.93				146,433,188.93		-	-	-	
6. Others																
(V) Special reserves		-	-	-	-	-	-	9,144,810.89	-	-	-	-	9,144,810.89	1,921,514.00	11,066,324.89	
1. Appropriated in the period								24,487,892.99					24,487,892.99	18,281,511.88	42,769,404.87	
2. Used in the period								15,343,082.10					15,343,082.10	16,359,997.88	31,703,079.98	
(VI) Others					-176,638.34						-36,551,454.27		-36,728,092.61	-538,841.94	-37,266,934.55	
IV. Balance as at the end of the period	3,228,021,472.87	-	798,150,943.40	-	9,349,595,749.65	-	4,329,770,396.99	65,589,318.38	7,544,576.74	41,073,794.14	-261,003,938.09	-	17,558,742,314.08	1,700,782,707.99	19,259,525,022.07	

Legal Representative:

Financial Controller:

Head of the Financial Department:

薛云
37030332234312

崔强

李维清

Consolidated statement of changes in owners' equity

For The Year Ended 31 December 2025

Prepared by: Zibo China Holding Group Co., Ltd.

Unit: RMB

ITEMS	Prior Year													Minority interest	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General Risk Reserve	Retained profit	Other	Subtotal		
I. Balance as at the end of the prior year	1,600,000,000.00	-	-	23,548,737.74	10,103,506,915.07	-	5,497,043,562.25	47,334,072.47	7,544,576.74	21,615,448.37	-868,381,771.08	-	16,432,211,541.56	2,791,719,097.49	19,223,930,639.05
Add: Adjustment for changes in accounting policies															
Corrections of errors of prior period															
Others															
II. Balance as at the beginning of the year	1,600,000,000.00	-	-	23,548,737.74	10,103,506,915.07	-	5,497,043,562.25	47,334,072.47	7,544,576.74	21,615,448.37	-868,381,771.08	-	16,432,211,541.56	2,791,719,097.49	19,223,930,639.05
III. Changes in the period ("-" denotes decrease)	775,021,472.87	-	-	-299,439,660.70	-	-796,289,148.12	-796,289,148.12	9,110,435.02	-	5,387,154.39	37,311,673.87	-	-268,898,072.67	-183,420,750.14	-452,318,822.81
(I) Total comprehensive income							-796,289,148.12	9,110,435.02	-	5,387,154.39	37,311,673.87	-	-268,898,072.67	-183,420,750.14	-452,318,822.81
(II) Capital paid in and reduced by shareholder	775,021,472.87	-	-	-299,886,766.32	-	-	-	-	-	-	-	-	475,134,706.55	971,561.55	476,106,268.10
1. Ordinary shares contributed by shareholders	775,021,472.87	-	-	-299,886,766.32	-	-	-	-	-	-	-	-	475,134,706.55	971,561.55	476,106,268.10
2. Capital paid by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-299,886,766.32	-	-	-	-	-	-	-	-299,886,766.32	-203,458.45	-300,090,204.77
(III) Profit distribution	-	-	-	-	-	-	-	-	-	5,387,154.39	-10,449,383.00	-	-5,062,228.61	-141,249,205.66	-146,311,434.27
1. Transfer to surplus reserves	-	-	-	-	-	-	-	-	-	5,387,154.39	-10,449,383.00	-	-5,062,228.61	-141,249,205.66	-146,311,434.27
2. Transfer to general reserves*	-	-	-	-	-	-	-	-	-	5,387,154.39	-5,387,154.39	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-5,062,228.61	-	-5,062,228.61	-141,249,205.66	-146,311,434.27
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserve to equity (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserve to equity (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Transfer from surplus reserve to make up for loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Set up benefit plan changes to carry forward retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income is carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	9,110,435.02	-	-	-	-	9,110,435.02	3,555,814.23	12,666,249.25
1. Appropriated in the period	-	-	-	-	-	-	-	30,202,371.40	-	-	-	-	30,202,371.40	22,008,955.38	52,211,324.78
2. Used in the period	-	-	-	-	-	-	-	21,091,936.38	-	-	-	-	21,091,936.38	18,453,139.15	39,545,075.53
(VI) Others	-	-	-	-	447,105.62	-	-	-	-	-	-40,592,315.89	-	-40,145,210.27	700,925.41	-39,444,284.86
IV. Balance as at the end of the period	2,375,021,472.87	-	-	23,548,737.74	9,804,067,254.37	-	4,700,754,414.13	56,444,507.49	7,544,576.74	27,002,602.76	-831,070,097.21	-	16,163,313,468.89	2,608,298,347.35	18,771,611,816.24

Legal Representative:

Financial Controller:

Head of the Financial Department:



崔强

李维清

The Parent Company's statement of changes in owners' equity
For The Year Ended 31 December 2025

Prepared by: Zibo Carin Holding Group Co., Ltd.

Unit: RMB

ITEMS	Current Year										
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total owner's equity
	Preference shares	Perpetual bonds	Others								
I. Balance as at the end of the prior year	2,375,021,472.87	-	-	-	8,787,547,912.52	-	1,003,017,595.94	-	7,544,576.74	-464,618,452.31	11,708,513,105.76
Add: Adjustment for changes in accounting policies											-
Corrections of errors of prior period											-
Others											-
II. Balance as at the beginning of the year	2,375,021,472.87	-	-	-	8,787,547,912.52	-	1,003,017,595.94	-	7,544,576.74	-464,618,452.31	11,708,513,105.76
III. Movements in the period ("donotes loss")	853,000,000.00	-	798,150,943.40	-	-943,511,721.69	-	63,385,187.12	-	-	378,744,568.01	1,149,768,976.84
(I) Total comprehensive income							171,059,391.61			281,808,451.75	452,867,843.36
(II) Capital paid in and reduced by shareholder	853,000,000.00	-	798,150,943.40	-	-943,459,828.87	-	-	-	-	-	707,691,114.53
1. Ordinary shares contributed by shareholders	853,000,000.00										853,000,000.00
2. Capital paid by holders of other equity instruments			798,150,943.40								798,150,943.40
3. Amount of share-based payments recognised in shareholders' equity											-
4. Others					-943,459,828.87						-943,459,828.87
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves											-
2. Distribution to shareholders											-
3. Others											-
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-107,674,204.49	-	-	107,674,204.49	-
1. Transfer from capital reserve to equity(or share capital)											-
2. Transfer from surplus reserve to equity (or share capital)											-
3. Transfer from surplus reserve to make up for loss											-
4. Set up benefit plan changes to carry forward retained earnings											-
5. Other comprehensive income is carried forward to retained earnings							-107,674,204.49			107,674,204.49	-
6. Others											-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated in the period											-
2. Used in the period											-
(VT) Others					-51,892.82					-10,738,088.23	-10,789,981.05
IV. Balance as at the end of the period	3,228,021,472.87	-	798,150,943.40	-	7,844,036,190.83	-	1,066,402,783.06	-	7,544,576.74	-85,873,884.30	12,858,282,082.60

Legal Representative:

Financial Controller:

Head of the Financial Department:



The Parent Company's statement of changes in owners' equity

For The Year Ended 31 December 2025

Prepared by: Zibo Cain Holding Group Co., Ltd.

Unit: RMB

ITEMS	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total owner's equity
		Preference shares	Perpetual bonds	Others							
I. Balance as at the end of the prior year	1,600,000,000.00	-	-	-	9,098,319,309.79	-	1,031,428,728.22	-	7,544,576.74	-195,336,060.84	11,541,956,553.91
Add: Adjustment for changes in accounting policies											-
Corrections of errors of prior period											-
Others											-
II. Balance as at the beginning of the year	1,600,000,000.00	-	-	-	9,098,319,309.79	-	1,031,428,728.22	-	7,544,576.74	-195,336,060.84	11,541,956,553.91
III. Movements in the period ("donotes loss")	775,021,472.87	-	-	-	-310,771,397.27	-	-28,411,132.28	-	-	-269,282,391.47	166,556,551.85
(I) Total comprehensive income							-28,411,132.28			-261,794,391.47	-290,205,523.75
(II) Capital paid in and reduced by shareholder	775,021,472.87	-	-	-	-310,771,397.27	-	-	-	-	-	464,250,075.60
1. Ordinary shares contributed by shareholders	775,021,472.87										775,021,472.87
2. Capital paid by holders of other equity instruments											-
3. Amount of share-based payments recognised in shareholders' equity											-
4. Others					-310,771,397.27						-310,771,397.27
(III) Profit distribution											-
1. Appropriation to surplus reserves											-
2. Distribution to shareholders											-
3. Others											-
(IV) Internal transfer of owners' equity											-
1. Transfer from capital reserve to equity (or share capital)											-
2. Transfer from surplus reserve to equity (or share capital)											-
3. Transfer from surplus reserve to make up for loss											-
4. Set up benefit plan changes to carry forward retained earnings											-
5. Other comprehensive income is carried forward to retained earnings											-
6. Others											-
(V) Special reserves											-
1. Appropriated in the period											-
2. Used in the period											-
(VI) Others										-7,488,000.00	-7,488,000.00
IV. Balance as at the end of the period	2,375,021,472.87	-	-	-	8,787,547,912.52	-	1,003,017,595.94	-	7,544,576.74	-464,618,452.31	11,708,513,105.76

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



Zibo Caijin Holding Group Co.,Ltd.

Notes to The Financial Statements

For The Year Ended 31 December 2025

I. Basic information about the Company

1. Place of Registration, Organizational Form and Headquarters Address

Zibo Finance and Capital Holding Group Co., Ltd. (hereinafter referred to as "the Company") , formerly known as Zibo Financial Holding Co., Ltd., was incorporated on 19 December 2012 and obtained the Business License for Enterprise Legal Person issued by Zibo Administration for Industry and Commerce. Its Unified Social Credit Identifier is 91370300059038716J.

As of 31 December 2025, the registered capital of the Company stood at RMB 5,000.00 million. The registered address is 19th Floor, Finance Building, No. 228 West Renmin Road, Zhangdian District. The legal representative of the Company is Xue Yun. The shareholder and ultimate controller of the Company is Finance Bureau of Zibo City.

2. Industry Category and Business Scope

The Company is classified as Comprehensive Industry Category III. Its business scope is as follows: investing in unlisted enterprises and privately placed shares of listed companies with self-owned funds in compliance with regulatory requirements; construction and operation of infrastructure; construction and operation of industrial parks and standard factory buildings; venture capital consulting; venture management services; asset management and operation entrusted by the municipal government. (For projects subject to approval in accordance with laws and regulations, relevant business activities shall be carried out only after obtaining approvals from competent authorities.)

3. Approver and Approval Date of the Financial Statements

These financial statements were approved for issuance by the Board of Directors of the Company on 24 April 2026.

II. Basis for Preparation of Financial Statements

1. Basis for preparation of financial statements

The Company's financial statements are prepared on a going-concern basis and based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises-Basic Standards promulgated by the Ministry of Finance and specific accounting standards, the application guidelines of the Accounting Standards for Business Enterprises, interpretations and other related rules of the Accounting Standards for Business Enterprises (hereinafter referred to as "ASBEs"), and the disclosure requirements of the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2023) of China Securities Regulatory Commission.

2. The statements of going concern basis

The Company has assessed its ability to continue as a going concern for the twelve months from the end of the reporting period, and no events or conditions that cast significant doubt on its ability to continue as a going concern have been identified. Accordingly, these financial statements have been prepared on the basis of the going concern assumption.

III. Significant Accounting Policies and Accounting Estimates

1. The statements of Compliance with Enterprise Accounting Standards

The financial statements have been prepared by the Company in conformity with the ASBEs, which truly and fully reflect the Company's financial position and relevant information such as the operating results and cash flows.

2. Accounting period

The accounting year of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

Ordinary operating cycle refers to the period from acquisition of assets used for processing by the Company until their realisation in cash or cash equivalents. The operating cycle of the Company lasts for 12 months, and acts as an indicator for classification of liquidity of assets and liabilities.

4. Functional currency

The functional currency of the Company is Renminbi (RMB), which is also the presentation currency used for preparing the financial statements. The functional currencies adopted by the Company and its subsidiaries are determined based on the currency mainly used for pricing, billing and settlement of primary business receipts and payments.

5. Accounting Treatment for Business Combinations under Common Control and Business Combinations Not under Common Control

(1) Where the terms, conditions and economic effects of each transaction in a stepwise business combination satisfy one or more of the following criteria, the multiple transactions shall be accounted for as a single bundled transaction:

The transactions are entered into simultaneously or formulated with mutual impacts taken into consideration;

① The transactions as a whole can achieve a complete commercial outcome;

② The completion of one transaction is contingent on the completion of at least one other transaction;

③ A single transaction is uneconomical when viewed in isolation, but becomes economical when considered together with other transactions.

(2) Business Combinations under Common Control

A business combination under common control refers to a combination where all combining entities are ultimately controlled by the same party or the same group of parties both before and after the combination, and such control is not temporary. The combination date means the date on which the combining entity obtains de facto control over the combined entity.

Assets and liabilities acquired by the Company in a business combination shall be measured at the carrying amounts recorded in the consolidated financial statements of the ultimate controlling party as at the combination date (including goodwill arising from the ultimate controlling party's acquisition of the combined entity), after adjustments for differences in accounting policies. Any difference between the carrying amount of net assets acquired in the combination and the carrying amount of consideration transferred (or the total par value of issued shares) shall be adjusted against capital surplus (share premium). If capital surplus (share premium) is insufficient to offset the difference, retained earnings shall be adjusted accordingly.

Stepwise Achievement of Business Combinations under Common Control

For business combinations implemented through multiple transactions:

① If the multiple transactions constitute bundled transactions, all transactions shall be accounted for as a single transaction to obtain control;

② If the multiple transactions do not constitute bundled transactions, accounting treatments shall be performed on the date control is obtained in accordance with the following procedures:

Separate financial statements

The initial investment cost of the investment equals the Company's share of the carrying amount of the combined entity's net assets recorded in the ultimate controlling party's consolidated financial statements as at the combination date, calculated based on the shareholding ratio as at the combination date. Any difference between the initial investment cost and the sum of the carrying amount of previously held investments plus the carrying amount of new consideration transferred as at the combination date shall be adjusted against capital surplus (share premium). If capital surplus is insufficient to offset the difference, retained earnings shall be adjusted.

Consolidated financial statements

Assets and liabilities of the combined entity acquired by the combining entity in the combination shall be measured at their carrying amounts in the ultimate controlling party's consolidated financial statements as at the combination date after adjustments for differences in accounting policies. For long-term equity investments held by the combining entity prior to obtaining control over the combined entity, any profit or loss, other comprehensive income and other changes in owners' equity recognised between the later of (i) the date of acquiring the original equity interest and (ii) the date when both the combining entity and the combined entity

came under the ultimate common control, and the combination date shall be offset against opening retained earnings of comparative reporting periods or current profit or loss respectively.

(3) Business Combinations Not under Common Control

A business combination not under common control refers to a combination where none of the combining parties are ultimately controlled by the same party or the same group of parties before and after the combination.

The acquisition date is the date on which the Company obtains de facto control over the acquiree, namely the date when control over the acquiree's net assets or operating and financial decisions is transferred to the Company. The transfer of control is generally deemed completed when all the following conditions are met:

The business combination contract or agreement has been approved by the Company's internal authority;

① Where the business combination is subject to approval by relevant competent national authorities, such approval has been obtained;

② Necessary title transfer procedures have been completed;

③ The Company has paid most of the consideration for the combination and possesses the capacity and plan to settle the remaining payment;

④ The Company has de facto controlled the acquiree's financial and operating policies, and is entitled to corresponding benefits and bears corresponding risks.

The consideration transferred for a business combination is the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree as at the acquisition date. Identifiable assets, liabilities and contingent liabilities of the acquiree that meet recognition criteria shall be measured at fair value as at the acquisition date.

Any excess of transferred consideration over the fair value of identifiable net assets of the acquiree acquired shall be recognised as goodwill; any deficit of transferred consideration below the fair value of identifiable net assets of the acquiree acquired shall be recognised in current profit or loss after review.

Stepwise Achievement of Business Combinations Not under Common Control through Multiple Exchange Transactions

Separate financial statements

The initial investment cost of the investment equals the sum of the carrying amount of equity interests held in the acquiree prior to the acquisition date and the cost of new investments made on the acquisition date. Other comprehensive income recognised for equity interests held prior to the acquisition date under the equity method shall not be reclassified on the acquisition date, and shall be accounted for on the same basis as if the investee directly disposed of relevant assets or liabilities upon disposal of the investment. Changes in owners' equity recognised due to other changes in the investee's owners' equity excluding net profit or loss, other comprehensive income and profit distribution shall be reclassified to current profit or loss in the period of investment disposal. For equity interests held prior to the acquisition date measured at fair value, cumulative fair value changes previously recognised in other comprehensive income shall be transferred to retained earnings upon switching to the cost method.

Consolidated financial statements

The consideration transferred for the business combination equals the sum of consideration paid on the acquisition date and the fair value of equity interests already held in the acquiree as at the acquisition date. Equity interests held in the acquiree prior to the acquisition date shall be remeasured at their fair value as at the acquisition date, and any difference between fair value and carrying amount shall be recognised in current profit or loss. Other comprehensive income reclassifiable to profit or loss and other changes in owners' equity arising from equity method investments corresponding to equity interests held prior to the acquisition date shall be reclassified to investment income for the period ending on the acquisition date.

(4) Relevant Costs Incurred for Business Combinations

Direct incremental costs incurred to implement a business combination shall be recognised in current profit or loss as incurred. Transaction costs arising from issuing equity securities or debt securities for business combinations shall be included in the initial carrying amount of such equity or debt securities.

6. Preparation Basis of Consolidated Financial Statements

(1) Consolidation Scope

The consolidation scope of consolidated financial statements is determined based on the

existence of control. Control means the Company has power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to exercise its power over the investee to affect the amount of the investor's returns. A subsidiary refers to an entity controlled by the Company (including enterprises, separable portions within investees, structured entities, etc.).

(2) Consolidation Procedures

The Company prepares consolidated financial statements based on its own financial statements and those of each subsidiary together with other relevant information. In preparing consolidated financial statements, the Company and its subsidiaries adopt consistent accounting policies and accounting periods, and material intercompany transactions and outstanding balances are eliminated.

Subsidiaries and businesses acquired through business combinations under common control during the reporting period shall be included in the consolidation scope as if they have been controlled by the ultimate controlling party since the date of common control. Their operating results and cash flows from the date of common control shall be incorporated into the consolidated statement of profit or loss and consolidated statement of cash flows respectively.

For subsidiaries and businesses acquired through business combinations not under common control during the reporting period, their income, expenses and profits from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss, and their cash flows shall be incorporated into the consolidated statement of cash flows.

Portions of subsidiaries' equity not attributable to the Company shall be separately presented as non-controlling interests under equity in the consolidated statement of financial position. Portions of subsidiaries' net profit or loss attributable to non-controlling interests shall be presented under the item "Profit or loss attributable to non-controlling interests" below net profit in the consolidated statement of profit or loss. If losses attributable to non-controlling interests exceed the share of opening equity of the subsidiary attributable to non-controlling interests, the excess amount shall still reduce non-controlling interests.

① Acquisition of Subsidiaries or Businesses

If subsidiaries or businesses are acquired through business combinations under common control during the reporting period: The opening balances of the consolidated statement of financial position shall be restated; Income, expenses and profits of such subsidiaries or businesses

from the beginning of the combination period to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss; Cash flows of such subsidiaries or businesses from the beginning of the combination period to the end of the reporting period shall be incorporated into the consolidated statement of cash flows; Corresponding line items in comparative financial statements shall be adjusted, as if the consolidated reporting entity has existed since the date the ultimate controlling party obtained control.

If subsidiaries or businesses are acquired through business combinations not under common control during the reporting period: The opening balances of the consolidated statement of financial position shall not be restated; Income, expenses and profits of such subsidiaries or businesses from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss; Cash flows of such subsidiaries or businesses from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of cash flows.

② Disposal of Subsidiaries or Businesses

A) General Accounting Treatment

If the Company disposes of a subsidiary or business during the reporting period, the income, expenses and profits of such subsidiary or business from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of profit or loss, and its cash flows from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of cash flows.

When control over an investee is lost through partial disposal of equity investments or other reasons, the remaining equity investment after disposal shall be remeasured at its fair value as at the date of loss of control. Any difference between the sum of consideration received from disposal and the fair value of remaining equity interests, less the sum of the Company's share of the subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio and allocated goodwill, shall be recognised as investment income for the period in which control is lost. Other comprehensive income reclassifiable to profit or loss and other changes in owners' equity arising from equity method investments corresponding to equity interests in the original subsidiary shall be reclassified to current investment income upon loss of control.

B) Stepwise Disposal of a Subsidiary

For stepwise disposal of equity interests in a subsidiary until loss of control, if the terms, conditions and economic effects of each disposal transaction satisfy one or more of the following criteria, the multiple transactions shall generally be accounted for as a single bundled transaction:

a) The transactions are entered into simultaneously or formulated with mutual impacts taken into consideration:

b) The transactions as a whole can achieve a complete commercial outcome;

c) The completion of one transaction is contingent on the completion of at least one other transaction;

d) A single transaction is uneconomical when viewed in isolation, but becomes economical when considered together with other transactions.

If multiple disposal transactions leading to loss of control constitute bundled transactions, all transactions shall be accounted for as a single transaction of disposing the subsidiary and losing control. However, prior to loss of control, any difference between disposal proceeds from each partial disposal and the corresponding share of the subsidiary's net assets attributable to the disposed investment shall be recognised in other comprehensive income in the consolidated financial statements, and fully reclassified to profit or loss in the period when control is lost.

If multiple disposal transactions leading to loss of control do not constitute bundled transactions, partial disposal of equity interests in the subsidiary without loss of control shall be accounted for in accordance with relevant policies prior to loss of control; upon loss of control, the general accounting treatment for disposal of subsidiaries shall be applied.

③ Acquisition of Additional Non-controlling Interests in a Subsidiary

Any difference between the cost of new long-term equity investments arising from acquisition of non-controlling interests and the Company's additional share of the subsidiary's net assets continuously calculated from the acquisition date (or combination date) based on the new shareholding ratio shall be adjusted against share premium within capital surplus in the consolidated statement of financial position. If share premium is insufficient to offset the difference, retained earnings shall be adjusted.

④ Partial Disposal of Equity Interests in a Subsidiary without Loss of Control

Any difference between disposal proceeds obtained from partial disposal of long-term equity

investments in a subsidiary without loss of control and the corresponding share of the subsidiary's net assets continuously calculated from the acquisition date or combination date attributable to the disposed investment shall be adjusted against share premium within capital surplus in the consolidated statement of financial position. If share premium is insufficient to offset the difference, retained earnings shall be adjusted.

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement refers to an arrangement jointly controlled by two or more parties. Joint control means contractually agreed shared control over an arrangement, whereby decisions on relevant activities of the arrangement require unanimous consent of all parties sharing control. When judging whether joint control exists, the Company shall first assess whether all parties or a group of parties collectively control the arrangement, and secondly assess whether decisions on relevant activities of the arrangement require unanimous consent of such collectively controlling parties.

The Company classifies joint arrangements based on its rights and obligations arising from the arrangements. Joint arrangements are divided into joint operations and joint ventures.

A joint operation is a joint arrangement under which joint operators hold rights to assets and bear obligations for liabilities related to the arrangement. The Company recognises the following items related to its share of interests in a joint operation and accounts for them in accordance with applicable Accounting Standards for Business Enterprises:

Assets held individually and its share of jointly held assets;

Liabilities incurred individually and its share of jointly incurred liabilities;

Income generated from selling its share of output from the joint operation;

Its share of income generated by the joint operation from selling output;

Expenses incurred individually and its share of expenses incurred by the joint operation.

8. Recognition Criteria for Cash and Cash Equivalents

For the preparation of the statement of cash flows, cash includes cash on hand and demand deposits readily available for payment. Cash equivalents refer to short-term investments (generally maturing within three months from the acquisition date) featuring high liquidity, readily convertible into known amounts of cash and insignificant risk of value fluctuation.

9. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(1) Translation of Foreign Currency Transactions

Foreign currency transactions are recorded in Renminbi by translating foreign currency amounts at the spot exchange rate prevailing on the transaction date.

Balances of foreign currency monetary items shall be translated at the spot exchange rate as at the reporting date. Exchange differences arising therefrom shall be recognised in current profit or loss, except for exchange differences on specific foreign currency borrowings attributable to the construction or production of qualifying assets, which shall be capitalised in accordance with the capitalisation principles for borrowing costs. Foreign currency non-monetary items measured at historical cost shall continue to be translated at the spot exchange rate on the transaction date without adjustments to functional currency amounts. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date fair value is determined, and resulting exchange differences shall be recognised in current profit or loss or other comprehensive income.

(2) Translation of Foreign Currency Financial Statements

Assets and liabilities in the statement of financial position shall be translated at the spot exchange rate as at the reporting date. Except for retained earnings, all equity items shall be translated at the spot exchange rate prevailing when such items arise. Income and expenses in the statement of profit or loss shall be translated at the spot exchange rate on the transaction date. Foreign currency translation differences arising from the above translation shall be separately presented as the item “Foreign currency translation differences” under other comprehensive income.

Upon disposal of a foreign operation, foreign currency translation differences related to such

foreign operation presented under other comprehensive income in the statement of financial position shall be reclassified from other comprehensive income to profit or loss in the disposal period. For partial disposal of a foreign operation, a proportionate share of foreign currency translation differences shall be reclassified to profit or loss in the disposal period.

10. Financial Instruments

A financial instrument is a contract that generates a financial asset for one entity and a financial liability or equity instrument for another entity.

(1) Recognition and Derecognition of Financial Instruments

The Company recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset (or part thereof, or part of a group of similar financial assets) shall be derecognised, i.e., written off from accounts and the statement of financial position, when any of the following conditions is met:

Contractual rights to receive cash flows from the financial asset expire;

The Company transfers its contractual rights to receive cash flows from the financial asset, or assumes an obligation under a pass-through arrangement to fully and timely remit all received cash flows to a third party; and either (a) substantially all risks and rewards of ownership of the financial asset are transferred, or (b) although substantially all risks and rewards of ownership are neither transferred nor retained, control over the financial asset is surrendered.

A financial liability shall be derecognised when the obligation is discharged, cancelled or expired. If an existing financial liability is replaced by another financial liability with substantially different terms from the same creditor, or the terms of an existing liability are substantially modified, such replacement or modification shall be accounted for as derecognition of the original liability and recognition of a new liability, with any difference recognised in current profit or loss.

Regular-way purchases or sales of financial assets shall be recognised and derecognised using trade date accounting. A regular-way transaction refers to a purchase or sale of financial assets under a contract whose terms require delivery of assets within the time frame stipulated by regulations or market conventions. The trade date is the date on which the Company commits to

purchase or sell financial assets.

(2) Classification and Measurement of Financial Assets

Upon initial recognition, financial assets are classified into three categories based on the Company's business model for managing financial assets and the contractual cash flow characteristics of instruments: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Financial assets are initially measured at fair value. Trade receivables and notes receivable arising from sales of goods or provision of services without a significant financing component (or financing components with a term of less than one year which are disregarded) shall be initially measured at transaction price.

For financial assets measured at fair value through profit or loss, relevant transaction costs shall be directly recognised in current profit or loss; transaction costs for other categories of financial assets shall be included in their initial carrying amount.

Subsequent measurement of financial assets depends on their classification:

1) Financial Assets Measured at Amortised Cost

A financial asset shall be classified as measured at amortised cost if both of the following criteria are met:

The objective of the business model is to hold the asset to collect contractual cash flows;

The contractual terms generate cash flows on specified dates that solely represent payments of principal and interest on the outstanding principal amount.

Such financial assets generate interest income recognised using the effective interest method. Gains or losses arising from derecognition, modification or impairment shall be recognised in current profit or loss. This category mainly includes monetary funds, trade receivables, notes receivable, other receivables, debt investments and long-term receivables. Debt investments and long-term receivables maturing within one year from the reporting date shall be presented as current portion of non-current assets; debt investments originally maturing within one year shall be presented as other current assets.

2) Financial Assets Measured at Fair Value through Other Comprehensive Income

① Debt Instrument Investments Designated at FVOCI

A financial asset shall be classified as measured at fair value through other comprehensive income if both of the following criteria are met:

The objective of the business model is both to collect contractual cash flows and to sell financial assets;

The contractual terms generate cash flows on specified dates that solely represent payments of principal and interest on the outstanding principal amount.

Interest income is recognised using the effective interest method. Except for interest income, impairment losses and exchange differences recognised in current profit or loss, all other fair value changes shall be recorded in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income shall be reclassified from other comprehensive income to current profit or loss. This category includes financing receivables and other debt investments. Other debt investments maturing within one year from the reporting date shall be presented as current portion of non-current assets; other debt investments originally maturing within one year shall be presented as other current assets.

② Irrevocably Designated Equity Instrument Investments at FVOCI

The Company may make an irrevocable election to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. Only corresponding dividend income (excluding dividends representing partial recovery of investment cost) shall be recognised in current profit or loss; subsequent fair value changes shall be recorded in other comprehensive income without provision for impairment. Upon derecognition, cumulative gains or losses previously recognised in other comprehensive income shall be reclassified from other comprehensive income to retained earnings. Such financial assets are presented as other equity instrument investments.

3) Financial Assets Measured at Fair Value through Profit or Loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income fall into this category. Such assets are subsequently measured at fair value, with all fair value changes recognised in current profit or loss. They are presented as trading financial assets; those maturing more than one year after the reporting date and expected to be held for more than one year shall be presented as other non-current financial assets. Upon initial recognition, the Company may irrevocably designate a financial asset as measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches, and such

designation is irreversible once made.

(3) Classification and Measurement of Financial Liabilities

Upon initial recognition, financial liabilities are classified into: financial liabilities measured at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments. For financial liabilities measured at fair value through profit or loss, relevant transaction costs shall be directly recognised in current profit or loss; transaction costs for other financial liabilities shall be included in their initial carrying amount.

Subsequent measurement of financial liabilities depends on their classification:

1) Financial Liabilities Measured at Fair Value through Profit or Loss

This category includes trading financial liabilities (including derivatives classified as financial liabilities) and financial liabilities designated as measured at fair value through profit or loss upon initial recognition.

A financial liability is classified as trading if any of the following applies:

It is incurred principally for the purpose of selling or repurchasing in the near term;

It forms part of a portfolio of identifiable financial instruments managed collectively with objective evidence of a short-term profit-taking strategy adopted by the entity;

It is a derivative, excluding derivatives designated and effective as hedging instruments and derivatives qualifying as financial guarantee contracts.

Trading financial liabilities (including derivative financial liabilities) are subsequently measured at fair value. All fair value changes shall be recognised in current profit or loss, except for those arising from hedge accounting.

2) Other Financial Liabilities

Such financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offset of Financial Instruments

Financial assets and financial liabilities shall be presented net in the statement of financial position only when both of the following conditions are satisfied:

The Company possesses a legally enforceable right to offset recognised amounts, and such right is currently exercisable;

The Company intends to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

(5) Financial Guarantee Contracts

A financial guarantee contract is a contract requiring the issuer to compensate the holder for losses incurred if a specified debtor fails to repay amounts due under the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value. Except for financial guarantee contracts designated as financial liabilities measured at fair value through profit or loss, all other financial guarantee contracts are subsequently measured at the higher of (i) the amount of expected credit loss allowance determined as at the reporting date and (ii) the initial measurement amount less cumulative amortisation recognised under revenue recognition principles.

(6) Transfer of Financial Assets

If the Company transfers substantially all risks and rewards of ownership of a financial asset to the transferee, the financial asset shall be derecognised; if substantially all risks and rewards of ownership are retained, the financial asset shall not be derecognised.

If substantially all risks and rewards of ownership are neither transferred nor retained, accounting treatments shall be performed as follows: If control over the financial asset is surrendered, the financial asset shall be derecognised and any resulting assets and liabilities shall be recognised; If control over the financial asset is retained, relevant financial assets shall be recognised to the extent of continuing involvement in the transferred financial asset, with corresponding liabilities recognised.

Where continuing involvement takes the form of a financial guarantee over the transferred financial asset, an asset arising from continuing involvement shall be recognised at the lower of the carrying amount of the financial asset and the maximum guaranteed amount. The maximum guaranteed amount refers to the maximum repayable amount under the consideration received.

11. Determination and Accounting Treatment of Expected Credit Losses

The Company recognises impairment allowances based on expected credit losses for financial

assets measured at amortised cost, receivables and debt investments measured at fair value through other comprehensive income, contract assets defined under Accounting Standard No.14 – Revenue, lease receivables, loan commitments other than those measured at fair value through profit or loss, and financial guarantee contracts (excluding those designated at FVTPL, or arising from transfers of financial assets failing derecognition criteria or generating continuing involvement in transferred financial assets).

(1) Measurement of Expected Credit Losses

Expected credit loss (ECL) refers to a probability-weighted estimate of credit losses weighted by default risk.

Credit loss means the difference between all contractual cash flows due to the Company under contracts and all cash flows expected to be received, discounted at the original effective interest rate, i.e., the present value of total cash shortfalls. For financial assets purchased or originated with credit impairment at origination, discounting shall be performed at the credit-adjusted effective interest rate of the instrument.

The Company calculates the probability-weighted present value of the difference between contractual cash flows and expected cash flows by considering reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions, weighted by default risk, to recognise expected credit losses.

ECLs are measured separately for financial instruments in different stages:

Stage 1: The credit risk of the instrument has not increased significantly since initial recognition – impairment allowance measured at 12-month ECLs;

Stage 2: Credit risk has increased significantly since initial recognition but the instrument is not yet credit-impaired – impairment allowance measured at lifetime ECLs;

Stage 3: The instrument is credit-impaired since initial recognition – impairment allowance measured at lifetime ECLs.

For financial instruments with low credit risk as at the reporting date, the Company assumes that credit risk has not increased significantly since initial recognition.

Lifetime ECLs represent expected credit losses arising from all possible default events over the entire expected life of a financial instrument. 12-month ECLs represent expected credit losses

arising from possible default events within 12 months after the reporting date (or the remaining life if the instrument's expected life is less than 12 months), constituting a portion of lifetime ECLs.

The maximum period considered when measuring ECLs is the longest contractual term over which the Company is exposed to credit risk (including extension options).

Interest income is calculated based on the gross carrying amount (before impairment allowance) and effective interest rate for instruments in Stage 1, Stage 2 and low credit risk instruments. For Stage 3 credit-impaired instruments, interest income is calculated based on amortised cost (gross carrying amount less accumulated impairment allowance) and effective interest rate.

Notes Receivable, Trade Receivables and Contract Assets

For notes receivable, trade receivables and contract assets, impairment allowances shall always be measured at an amount equal to lifetime ECLs, regardless of the existence of significant financing components.

When information required to assess ECLs for an individual financial asset cannot be obtained at reasonable cost, the Company groups notes receivable and trade receivables based on shared credit risk characteristics to calculate ECLs on a collective basis. Grouping criteria are set out below:

① Notes Receivable

Portfolio Name	Grouping Basis
Bank acceptance bills portfolio	Accepted by banks with low credit risk
Trade acceptance bills portfolio	Accepted by enterprises with relatively high credit risk

② Trade Receivables

Portfolio Name	Grouping Basis
Aging portfolio	Receivables with similar credit risk characteristics grouped by ageing schedule
Related party and other portfolio	Related party and other portfolio Judged as having no credit risk based on business nature, including deposits, guarantees, related parties, government authorities, state-owned enterprises, etc.

③ Contract Assets

Portfolio Name	Grouping Basis

Portfolio Name	Grouping Basis
Retention receivables portfolio	Nature of balances
Performance-completed balances not yet settled with customers	Nature of balances

For grouped notes receivable and contract assets, ECLs are calculated by reference to historical credit loss experience, current conditions and forecasts of future economic performance, based on exposure at default and lifetime ECL rates.

For grouped trade receivables, the Company compiles a matching table of trade receivable ageing schedules and lifetime ECL rates by reference to historical credit loss experience, current conditions and forecasts of future economic performance to compute ECLs.

Other Receivables

Other receivables are grouped into portfolios based on shared credit risk characteristics to calculate ECLs collectively, with grouping criteria as follows:

Portfolio Name	Grouping Basis
Ageing portfolio	Other receivables with similar credit risk characteristics grouped by ageing schedule
Related party and other portfolio	Judged as having no credit risk based on business nature, including deposits, guarantees, related parties, government authorities, state-owned enterprises, etc.

ECLs for grouped other receivables are calculated based on exposure at default and either 12-month or lifetime ECL rates as applicable.

Debt Investments and Other Debt Investments

For debt investments and other debt investments, ECLs are calculated based on exposure at default and either 12-month or lifetime ECL rates, categorised by counterparty type and risk exposure based on instrument nature.

(2) Assessment of Significant Increase in Credit Risk

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the default risk as at the reporting date against the default risk at initial recognition to identify relative changes in default risk over the instrument's expected life.

Reasonable and supportable information readily available without undue cost or effort,

including forward-looking information, shall be considered when assessing significant credit risk increase. Key information considered includes:

Failure of debtors to repay principal and interest by contractual due dates;

Material deterioration (actual or expected) in external or internal credit ratings of the financial instrument (if available);

Material deterioration (actual or expected) in the debtor's operating results;

Existing or expected adverse changes in technical, market, economic or legal environments that will materially impair the debtor's repayment capacity to the Company.

Assessment of significant credit risk increase is performed on an individual instrument or portfolio basis depending on instrument nature. For portfolio assessment, instruments are grouped by shared credit risk characteristics such as days past due and credit ratings.

If an instrument is past due for more than 30 days, its credit risk is deemed to have increased significantly.

(3) Credit-impaired Financial Assets

As at each reporting date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at FVOCI are credit-impaired. A financial asset becomes credit-impaired when one or more events occur that exert adverse impacts on estimated future cash flows from the instrument. Evidence of credit impairment includes the following observable facts:

The issuer or debtor experiences significant financial difficulty;

The debtor breaches contractual terms, e.g., default or delay in repayment of interest or principal;

The Company grants concessions to the debtor that it would not otherwise consider due to the debtor's financial distress;

The debtor is likely to enter bankruptcy or other financial restructuring;

Active markets for the financial instrument disappear due to the issuer's financial difficulty;

A financial asset is purchased or originated at a deep discount that reflects incurred credit

losses.

(4) Presentation of Expected Credit Loss Allowances

To reflect changes in credit risk of financial instruments since initial recognition, ECL allowances are remeasured at each reporting date. Any increase or reversal of allowances shall be recognised as impairment loss or gain in current profit or loss. For financial assets measured at amortised cost, impairment allowances reduce the carrying amount of assets presented in the statement of financial position. For debt investments measured at FVOCI, impairment allowances are recognised in other comprehensive income without reducing the carrying amount of assets.

(5) Write-off

If the Company no longer reasonably expects full or partial recovery of contractual cash flows from a financial asset, the gross carrying amount of such asset shall be directly written off. Such write-off constitutes derecognition of the relevant financial asset.

12. Inventories

(1) Classification of Inventories

Inventories consist of goods in transit, raw materials, circulating materials, finished goods, work-in-progress, goods shipped out, materials on consignment for processing, consumable biological assets, etc.

(2) Measurement upon Acquisition and Valuation upon Issue

Inventories are measured at cost upon acquisition. Inventory cost comprises purchase cost, processing cost and other attributable costs.

Inventories issued are valued using the first-in, first-out (FIFO) method.

(3) Basis for Determining Net Realisable Value and Method for Accruing Inventory Write-down Allowances

A full physical stocktake of inventories is performed at the end of each period, and inventory write-down allowances are accrued or adjusted at the lower of cost and net realisable value.

For finished goods, merchandise and materials held for direct sale, net realisable value is

determined as estimated selling price less estimated selling expenses and relevant taxes during normal operating cycles. For materials requiring further processing, net realisable value equals the estimated selling price of finished goods produced less estimated costs to complete, estimated selling expenses and relevant taxes. For inventories held to fulfil sales or service contracts, net realisable value is calculated based on contract prices. If inventory quantities exceed contracted volumes, net realisable value for excess volumes shall be determined based on general market selling prices.

Inventory write-down allowances are accrued on an item-by-item basis at period-end. For large volumes of low-unit-value inventories, allowances are accrued by category. For inventories related to product lines manufactured and sold in the same region with identical or similar end-use purposes and impractical separate measurement, write-down allowances are accrued on a combined basis.

If factors previously causing inventory write-down reverse, the written-down amount shall be recovered and reversed within the limit of previously accrued write-down allowances, with the reversal recognised in current profit or loss.

(4) Inventory Counting System

The perpetual inventory system is adopted.

(5) Amortisation Method for Low-value Consumables and Packaging Materials

Low-value consumables: expensed in full upon issuance;

Packaging materials: expensed in full upon issuance.

13. Contract Assets and Contract Liabilities

(1) Classification and Presentation Rules

The Company presents contract assets or contract liabilities in the statement of financial position based on the timing difference between performance of performance obligations and customer payment. Contract assets and contract liabilities arising under the same contract shall be offset and presented net.

Unconditional rights to consideration from customers (i.e., rights dependent solely on the

passage of time) are classified as receivables. Rights to consideration arising from transfer of goods to customers that are conditional on factors other than the passage of time are classified as contract assets.

Obligations to transfer goods to customers arising from consideration received or receivable from customers are classified as contract liabilities.

(2) Impairment Rules for Contract Assets

Refer to Note III.11 for the determination and accounting treatment of expected credit losses on contract assets.

14. Long-term Equity Investments

Classification and Judgement Criteria for Long-term Equity Investments

(1) Classification of Long-term Equity Investments

Long-term equity investments fall into three categories, namely equity investments through which the investor obtains control or significant influence over the investee, and equity investments in its joint ventures.

(2) Judgement Criteria for Classification of Long-term Equity Investments

① Criteria for judging control over the investee: See Note III.6 herein.

② Criteria for judging significant influence over the investee

Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, without the ability to control or jointly control the formulation of such policies together with other parties.

The Company judges whether it has significant influence over an investee through one or more of the following circumstances:

A. Appointing representatives to the board of directors or similar governing body of the investee. In such cases, by appointing representatives with substantive participation rights, the investor may participate in formulating the investee's financial and operating policies and thereby exercise significant influence over the investee.

B. Participating in the formulation of the investee's financial and operating policies. In such

cases, the Company may submit proposals and opinions for its own benefit during policy formulation, thus exerting significant influence over the investee.

C. Entering into material transactions with the investee. Such transactions are material to the investee's daily operations and accordingly affect its production and operation decisions to a certain extent.

D. Seconding management personnel to the investee. Such management personnel have authority to direct the investee's relevant activities and therefore enable the Company to exercise significant influence.

E. Providing key technical documentation to the investee. Where the investee's production and operation rely on the investor's technology or technical materials, this indicates that the investor has significant influence over the investee.

When judging whether it has significant influence over an investee, the Company is not limited to the existence of one or more of the above circumstances, and shall conduct a comprehensive judgement based on all facts and circumstances.

Equity investments through which the investor has significant influence over an investee are investments in associates.

① Criteria for judging whether an investee is a joint venture

A joint venture of the Company refers to a joint arrangement where the Company only holds rights to the net assets of the arrangement.

For the definition and classification of joint arrangements and judgement criteria for joint control, see Note III.7 herein.

Determination of Initial Cost of Long-term Equity Investments

(1) Long-term Equity Investments Arising from Business Combinations

Business Combinations under Common Control

Where the Company carries out a business combination by paying cash, transferring non-cash assets, assuming liabilities or issuing equity securities as consideration, the initial cost of long-term equity investments shall be the Company's share of the carrying amount of the acquiree's owners' equity recorded in the consolidated financial statements of the ultimate controlling party as at the

combination date. Any difference between the initial investment cost and the consideration transferred shall be adjusted against capital surplus (capital premium or share premium); if capital surplus (capital premium or share premium) is insufficient to offset the difference, retained earnings shall be adjusted.

Where the combining entity issues equity securities as combination consideration, the total par value of issued shares shall be recorded as share capital. Any difference between the initial investment cost of long-term equity investments and the total par value of issued shares shall be adjusted against capital surplus (capital premium or share premium); if capital surplus (capital premium or share premium) is insufficient to offset the difference, retained earnings shall be adjusted.

Business Combinations Not under Common Control

The Company recognises the combination cost determined as at the acquisition date as the initial investment cost of long-term equity investments. The combination cost is the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree as at the acquisition date. Transaction costs on equity securities or debt securities issued by the acquirer as combination consideration shall be included in the initial carrying amount of such equity or debt securities.

For stepwise business combinations not under common control achieved through multiple transactions, the initial investment cost equals the sum of the carrying amount of equity interests held in the acquiree prior to the acquisition date and the cost of new additional investments made on the acquisition date. The Company treats contingent consideration stipulated under combination agreements as part of total transferred consideration, and includes its fair value as at the acquisition date in the total combination cost.

Intermediary fees such as audit fees, legal service fees, valuation and consultancy fees, and other administrative expenses incurred by the combining entity or acquirer for the business combination shall be recognised in profit or loss for the period when incurred.

(2) Long-term Equity Investments Acquired through Other Means

Acquired by cash payment: The initial investment cost equals the actual purchase price paid, including fees, taxes and other necessary expenditures directly attributable to obtaining the long-term equity investment.

Acquired by issuance of equity securities: The initial investment cost equals the fair value of the issued equity securities.

Non-monetary asset exchange: Where a non-monetary asset exchange has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the initial cost of the long-term equity investment received shall be determined based on the fair value of the asset given up, unless there is conclusive evidence that the fair value of the asset received is more reliable. If the above prerequisites are not met, the initial cost of the long-term equity investment received shall be the carrying amount of the asset given up plus relevant taxes payable.

Acquired through debt restructuring: The initial investment cost includes the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset.

Subsequent Measurement and Profit or Loss Recognition Method for Long-term Equity Investments

Long-term equity investments through which the Company obtains control over the investee are accounted for under the cost method.

Long-term equity investments accounted for under the cost method are measured at initial investment cost. Additional investments or recovered investments adjust the cost of long-term equity investments. Cash dividends or profits declared for distribution by the investee are recognised as investment income for the current period.

Long-term equity investments in joint ventures and associates are accounted for under the equity method. Any excess of the initial investment cost over the Company's share of the fair value of the investee's identifiable net assets at the time of investment shall not adjust the initial investment cost of long-term equity investments. Any deficit of the initial investment cost below the Company's share of the fair value of the investee's identifiable net assets at the time of investment shall be recognised in profit or loss for the current period, with a corresponding adjustment to the cost of long-term equity investments.

After obtaining a long-term equity investment, the Company recognises investment income and other comprehensive income respectively based on its share of the investee's net profit or loss and other comprehensive income realised, with a corresponding adjustment to the carrying amount of long-term equity investments. The Company reduces the carrying amount of long-term equity investments by its attributable share of profits or cash dividends declared for distribution by the

investee. For other changes in the investee's owners' equity excluding net profit or loss, other comprehensive income and profit distribution, the Company adjusts the carrying amount of long-term equity investments and records such changes in owners' equity.

When recognising its share of the investee's net profit or loss, the Company adjusts the investee's net profit based on the fair value of the investee's identifiable net assets at the time of investment before recognition.

Where 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 Company's accounting policies and accounting periods, based on which investment income and other comprehensive income shall be recognised.

When recognising the net losses incurred by the investee, the Company writes down the carrying amount of long-term equity investments and other long-term interests that substantially constitute net investments in the investee to zero, unless the Company has an obligation to bear additional losses.

Where the investee subsequently generates net profits, the Company resumes recognising its attributable share of profit after the share of profit offsets the unrecognised share of losses.

When calculating and recognising its attributable share of the investee's net profit or loss, the unrealised internal profit or loss arising from transactions between the Company and its associates or joint ventures shall be eliminated to the extent of the Company's attributable share, on which basis investment income is recognised.

Unrealised internal losses arising from transactions between the Company and the investee that qualify as impairment losses in accordance with Accounting Standard for Business Enterprises No. 8 – Impairment of Assets shall be fully recognised as transaction losses.

Where the Company can exercise significant influence or joint control over the investee (without obtaining control) as a result of additional investments or other reasons, the initial investment cost for switching to the equity method equals the sum of the fair value of the originally held equity investment determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the cost of new additional investments. Where the originally held equity investment is classified as a non-trading equity instrument investment measured at fair value through other comprehensive income, cumulative fair value changes previously recognised in other comprehensive income related to

such investment shall be transferred to retained earnings upon switching to the equity method.

Where the Company loses joint control or significant influence over the investee as a result of partial disposal of equity investments, the remaining equity interests after disposal shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. Any difference between the fair value and carrying amount of such remaining interests as at the date of loss of joint control or significant influence shall be recognised in profit or loss for the current period. Other comprehensive income previously recognised for the original equity investment under the equity method shall be accounted for on the same basis as if the investee directly disposed of the relevant assets or liabilities upon discontinuance of the equity method.

Where the Company loses control over the investee as a result of partial disposal of equity investments, in preparing separate financial statements:

If the remaining equity interests after disposal can exercise joint control or significant influence over the investee, such interests shall be accounted for under the equity method, with adjustments made to treat the remaining interests as if the equity method had been applied since initial acquisition;

If the remaining equity interests after disposal cannot exercise joint control or significant influence over the investee, such interests shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

Upon disposal of long-term equity investments, any difference between their carrying amount and the actual consideration received shall be recognised in profit or loss for the current period. For long-term equity investments accounted for under the equity method, upon disposal of the investment, the portion previously recognised in other comprehensive income shall be accounted for proportionally on the same basis as if the investee directly disposed of the relevant assets or liabilities.

15. Investment Properties

Initial Measurement of Investment Properties

The Company's investment properties include land use rights held for lease, land use rights

held for capital appreciation and subsequent transfer, and buildings held for lease.

Investment properties of the Company are initially measured at cost. The cost of purchased investment properties includes purchase price, relevant taxes and other expenditures directly attributable to the asset. The cost of self-constructed investment properties consists of all necessary expenditures incurred before the asset reaches its intended usable state.

Subsequent Measurement of Investment Properties

The Company adopts the cost model for subsequent measurement of investment properties, and recognises depreciation or amortisation in accordance with consistent policies applied to buildings and land use rights.

16. Property, Plant and Equipment

(1) Recognition and Measurement of Property, Plant and Equipment

Property, plant and equipment are tangible assets held for production of goods, provision of services, rental or administrative purposes, with a useful life exceeding one accounting year. Property, plant and equipment are classified into: buildings and structures, machinery and equipment, electronic equipment, transportation equipment, and other equipment.

An item of property, plant and equipment shall be recognised when both of the following conditions are met:

- 1) It is probable that economic benefits associated with the item will flow to the enterprise;
- 2) The cost of the item can be reliably measured.

Property, plant and equipment of the Company are initially measured at actual cost incurred upon acquisition.

Subsequent expenditures related to an item of property, plant and equipment shall be capitalised into the cost of the asset if it is probable that associated economic benefits will flow to the Company and the cost can be reliably measured. Routine repair expenses of property, plant and equipment that do not meet capitalisation criteria for subsequent expenditures shall be recognised in profit or loss for the current period or allocated to the cost of relevant assets based on the benefited objects when incurred. For replaced components, their carrying amounts shall be

derecognised.

(2) Depreciation Method

Depreciation of property, plant and equipment is provided on a straight-line basis by category, with depreciation rates determined based on asset category, estimated useful life and estimated residual value rate. If individual components of an asset have different useful lives or generate economic benefits for the enterprise in different ways, separate depreciation rates or depreciation methods shall be adopted for each component.

Category of Property, Plant and Equipment	Depreciation Method	Useful Life (Years) Estimated	Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings and Structures	Straight-line	15-35	0.00-5.00	2.71-6.67
Pipeline Operating Equipment	Straight-line	12-20	0.00-5.00	4.75-8.33
Machinery and Equipment	Straight-line	4-20	0.00-5.00	4.75-25.00
Transportation Vehicles	Straight-line	4-6	0.00-6.00	15.67-25.00
Electronic Equipment	Straight-line	1-15	0.00-4.00	6.40-100.00
Others	Straight-line	3-8	0.00-3.00	12.13-33.33

(3) Impairment Test and Impairment Allowance Provision Method for Property, Plant and Equipment: See Note III.21 herein.

(4) Disposal of Property, Plant and Equipment

An item of property, plant and equipment shall be derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any difference between disposal proceeds from sale, transfer, retirement or damage of property, plant and equipment and its carrying amount less relevant taxes shall be recognised in profit or loss for the current period.

17. Construction in Progress

Construction in progress items are recorded at the total expenditures incurred before the related asset reaches its intended usable state, which shall be recognised as the carrying amount of property, plant and equipment.

Where a self-constructed asset under construction has reached its intended usable state but completion settlement formalities have not yet been completed, it shall be transferred to property, plant and equipment at an estimated value based on project budget, construction cost or actual project cost from the date it reaches intended usable state, and depreciation shall be provided in accordance with the Company's depreciation policy for property, plant and equipment. After completion settlement formalities are completed, the original estimated value shall be adjusted to actual cost, while the previously accrued depreciation shall not be adjusted.

18. Borrowing Costs

(1) Recognition Criteria for Capitalisation of Borrowing Costs

Borrowing costs include interest on borrowings, amortisation of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings.

Borrowing costs incurred by the Company that are directly attributable to the construction or production of qualifying assets shall be capitalised and included in the cost of relevant assets. All other borrowing costs shall be recognised as expenses in profit or loss for the period when incurred based on their amount.

Qualifying assets refer to property, plant and equipment, investment properties, inventories and other assets that require a substantial period of construction or production to reach their intended usable or saleable state.

Capitalisation of borrowing costs commences when all of the following conditions are met simultaneously:

1) Asset expenditures have been incurred, including expenditures incurred by way of cash payment, transfer of non-cash assets or assumption of interest-bearing liabilities for the construction or production of qualifying assets;

2) Borrowing costs have been incurred;

3) Construction or production activities necessary to bring the asset to its intended usable or saleable state have commenced.

(2) Capitalisation Period of Borrowing Costs

The capitalisation period refers to the period from the commencement date to the cessation date of borrowing cost capitalisation, excluding periods of suspension of capitalisation.

Capitalisation of borrowing costs ceases when the construction or production of a qualifying asset is completed and the asset reaches its intended usable or saleable state.

Where individual components of a qualifying asset under construction or production are completed separately and can be used independently, capitalisation of borrowing costs for such components shall cease.

Where individual components of a qualifying asset under construction or production are completed separately but can only be used or sold upon full completion of the whole asset, capitalisation of borrowing costs shall cease upon full completion of the entire asset.

(3) Suspension Period of Borrowing Cost Capitalisation

If the construction or production of a qualifying asset is subject to abnormal interruption for a continuous period exceeding three months, capitalisation of borrowing costs shall be suspended. If such interruption is a necessary procedure to bring the qualifying asset to its intended usable or saleable state, capitalisation of borrowing costs shall continue. Borrowing costs incurred during the interruption period shall be recognised in profit or loss for the current period until construction or production activities resume, after which capitalisation shall recommence.

(4) Calculation Method for Capitalised Amount of Borrowing Costs

Specific borrowings raised for the construction or production of qualifying assets: The capitalised amount of borrowing costs is calculated as actual borrowing costs and ancillary fees incurred on specific borrowings for the current period less interest income from unused borrowing funds deposited in banks or investment income from temporary investments.

General borrowings occupied for the construction or production of qualifying assets: The capitalised interest amount of general borrowings is calculated by multiplying the weighted average accumulated asset expenditures exceeding specific borrowings by the capitalisation rate of occupied general borrowings. The capitalisation rate is determined based on the weighted average interest rate of general borrowings.

Where borrowings contain discounts or premiums, the amortised amount of discounts or premiums for each accounting period shall be determined using the effective interest method to adjust interest expenses for each period.

19. Right-of-use Assets

The Company recognises right-of-use assets for all leases at the commencement date of the lease, except for short-term leases and low-value asset leases accounted for under simplified treatment. The commencement date of a lease is the date on which the lessor makes the leased asset available for use by the Company.

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

- (1) The initial measurement amount of lease liabilities;
- (2) Lease payments made on or before the commencement date of the lease, net of lease incentives received where applicable;
- (3) Initial direct costs incurred by the Company;
- (4) Estimated costs to be incurred by the Company for dismantling and removing the leased asset, restoring the site of the leased asset or returning the leased asset to the condition stipulated under the lease terms, excluding costs incurred for inventory production.

If the Company can reasonably determine that ownership of the leased asset will be obtained upon expiry of the lease term, depreciation of the right-of-use asset shall be provided over the remaining useful life of the leased asset. If ownership cannot be reasonably determined to be obtained upon lease expiry, depreciation shall be provided over the shorter of the lease term and the remaining useful life of the leased asset.

The Company assesses whether impairment has occurred to right-of-use assets and performs corresponding accounting treatment in accordance with Note III.21 “Impairment of Long-term Assets” herein.

After the commencement date of the lease, if any of the following circumstances arise, the Company shall remeasure lease liabilities and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference shall be recognised in profit or loss for the current period:

- (1) Where the assessment results or actual exercise of purchase options, renewal options or termination options change, the Company remeasures lease liabilities at the present value

calculated based on revised lease payments and revised discount rates;

(2) Where substantive fixed payments change, estimated payable amounts of residual guarantees change, or indices or ratios used to determine lease payments change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and the original discount rate. However, if changes in lease payments arise from floating interest rate fluctuations, revised discount rates shall be used to calculate present value.

20. Intangible Assets

(1) Measurement Method for Intangible Assets

1) Initial Measurement upon Acquisition at Cost

The cost of purchased intangible assets includes purchase price, relevant taxes and other expenditures directly attributable to bringing the asset to its intended use. Where payment for intangible assets is deferred beyond normal credit terms with a financing nature, the cost of intangible assets shall be determined based on the present value of purchase price.

Intangible assets obtained through debt restructuring as debt repayment by the debtor are recorded at an amount including the fair value of abandoned creditor's rights and other costs such as taxes directly attributable to bringing the asset to its intended use.

For non-monetary asset exchanges with commercial substance and reliably measurable fair value of either the asset received or the asset given up, the carrying amount of intangible assets received shall be determined based on the fair value of the asset given up, unless conclusive evidence proves the fair value of the asset received is more reliable. If the above prerequisites are not met, the cost of intangible assets received equals the carrying amount of the asset given up plus relevant taxes payable, with no profit or loss recognised.

Intangible assets obtained through absorption business combinations under common control are recorded at the carrying amount of the combined entity. Intangible assets obtained through absorption business combinations not under common control are recorded at fair value.

The cost of internally developed intangible assets includes materials consumed, labour costs, registration fees, amortisation of other patents and licences used during development, interest costs meeting capitalisation criteria, and other direct expenditures incurred to bring the intangible asset

to its intended use.

2) Subsequent Measurement

The useful life of an intangible asset is assessed upon acquisition.

Intangible assets with finite useful lives are amortised on a straight-line basis over the period generating economic benefits for the enterprise.

For impairment tests of intangible assets, see Note III.21 “Impairment of Long-term Assets” herein.

(2) Estimation of Useful Lives for Intangible Assets with Finite Useful Lives

Item	Useful Life and Determination Basis	Amortisation Method
Land Use Rights	40–50 years, based on the available term of the land	Straight-line Amortisation
Application Software, Proprietary Technology, Patents	5–10 years, based on estimated useful life	Straight-line Amortisation

At the end of each period, the useful lives and amortisation methods of intangible assets with finite useful lives are reviewed.

After review, there is no difference between the useful lives and amortisation methods of intangible assets at the end of the current year and previous estimates.

(3) Specific Criteria for Separating Research Phase and Development Phase of Internal R&D Projects

Expenditures on internal research and development projects are divided into research phase expenditures and development phase expenditures.

Research Phase: A stage of original and planned investigation and research activities undertaken to acquire and comprehend new scientific or technical knowledge.

Development Phase: A stage of applying research findings or other knowledge to a plan or design prior to commercial production or use to produce new or substantially improved materials, devices, products, etc.

(4) Specific Criteria for Capitalisation of Development Phase Expenditures

Expenditures in the development phase of internal R&D projects shall be recognised as intangible assets only when all of the following conditions are met simultaneously:

- 1) Technical feasibility exists to complete the intangible asset for use or sale;
- 2) The enterprise has the intention to complete the intangible asset for use or sale;
- 3) The manner in which the intangible asset generates economic benefits can be demonstrated, including proof of a market for products produced using the intangible asset or a standalone market for the intangible asset itself; if the intangible asset will be used internally, its usability can be verified;
- 4) Sufficient technical, financial and other resources are available to complete development of the intangible asset, and the enterprise has the ability to use or sell the asset;
- 5) Expenditures attributable to the development phase of the intangible asset can be reliably measured.

Development phase expenditures that fail to satisfy the above criteria shall be recognised in profit or loss for the period when incurred. All research phase expenditures are recognised in profit or loss when incurred.

21. Impairment of Long-term Assets

At the end of each reporting period, the Company assesses whether impairment indicators exist for long-term equity investments, investment properties measured under the cost model, property, plant and equipment, construction in progress, biological assets measured under the cost model, oil and gas assets, right-of-use assets and intangible assets with finite useful lives. For assets with impairment indicators, their recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the asset's carrying amount is written down to its recoverable amount, the write-down amount is recognised as corresponding impairment loss in profit or loss for the current period, and corresponding impairment allowances are provided.

The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and the present value of estimated future cash flows generated by the asset. The enterprise estimates the recoverable amount on an individual asset basis. If the recoverable amount of an individual asset cannot be reasonably estimated, the recoverable amount of the asset group to which the asset belongs is determined.

After recognition of an asset impairment loss, depreciation or amortisation expenses of

impaired assets shall be adjusted accordingly in future periods to systematically allocate the adjusted carrying amount of the asset over its remaining useful life.

Impairment tests shall be performed annually at the end of each year for intangible assets with indefinite useful lives, intangible assets not yet ready for use, and goodwill arising from business combinations.

Impairment Test for Goodwill

The carrying amount of goodwill arising from business combinations shall be allocated to relevant asset groups on a reasonable basis from the acquisition date. If allocation to individual asset groups is impracticable, goodwill shall be allocated to relevant groups of asset groups.

When allocating the carrying amount of goodwill to relevant asset groups or groups of asset groups, allocation shall be made proportionally based on the ratio of the fair value of each asset group or group of asset groups to the total fair value of all relevant asset groups or groups of asset groups. If fair value cannot be reliably measured, allocation shall be based on the ratio of the carrying amount of each asset group or group of asset groups to the total carrying amount of all relevant asset groups or groups of asset groups.

When performing impairment tests on asset groups or groups of asset groups containing goodwill that show impairment indicators:

First, perform impairment tests on asset groups or groups of asset groups excluding goodwill, calculate their recoverable amount and compare with corresponding carrying amounts to recognise relevant impairment losses;

Then perform impairment tests on asset groups or groups of asset groups including goodwill, compare their total carrying amounts (including allocated goodwill) with recoverable amounts. If the recoverable amount is lower than the carrying amount, impairment loss on goodwill shall be recognised.

22. Long-term Deferred Expenses

Various expenses incurred but to be borne by the current and future periods with an amortisation term exceeding one year, including improvements to leased property, plant and equipment, are recognised as long-term deferred expenses and amortised by instalments over the

estimated benefited years. If an item of long-term deferred expenses can no longer generate benefits for future accounting periods, its unamortised carrying amount shall be fully transferred to profit or loss for the current period.

23. Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the enterprise in exchange for services rendered by employees or for termination of employment relationships, including short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Accounting Treatment for Short-term Benefits

Short-term benefits actually incurred shall be recognised as liabilities and included in profit or loss for the current period or the cost of relevant assets during the accounting period in which employees render services to the Company.

Accounting Treatment for Post-employment Benefits

Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

During the accounting period in which employees render services to the Company, the amount payable under defined contribution plans shall be recognised as liabilities and included in profit or loss for the current period or the cost of relevant assets. If full contributions under a defined contribution plan are not expected to be paid within twelve months after the end of the annual reporting period in which related services are rendered, the total contributions payable shall be measured at a discounted amount using the market yield of government bonds or high-quality corporate bonds traded on active markets matching the term and currency of the defined benefit obligation as at the reporting date.

The Company discounts all defined benefit obligations using the market yield of government bonds or high-quality corporate bonds traded on active markets matching the term and currency of the defined benefit obligation as at the reporting date, including obligations expected to be settled within twelve months after the end of the annual reporting period in which employees render services.

If a defined benefit plan holds plan assets, a net defined benefit liability or asset shall be recognised as the deficit or surplus calculated as the present value of defined benefit obligations less the fair value of plan assets. Where a surplus exists in a defined benefit plan, the net defined benefit asset shall be measured at the lower of the plan surplus and the asset ceiling. The asset ceiling is the present value of economic benefits available to the enterprise through refunds from the defined benefit plan or reduction of future contributions to the plan.

At the end of the reporting period, service costs and net interest on the net defined benefit liability or asset arising from defined benefit plans shall be included in profit or loss for the current period or asset cost. Remeasurement gains and losses arising from revaluing the net defined benefit liability or asset shall be recorded in other comprehensive income and shall not be reclassified to profit or loss in subsequent accounting periods, but may be transferred within equity.

Under defined benefit plans, past service costs shall be recognised as expenses for the current period at the earlier of the date of plan amendment and the date of recognising relevant restructuring costs or termination benefits.

Settlement gains or losses shall be recognised upon settlement of a defined benefit plan, calculated as the difference between the present value of defined benefit obligations and the settlement price as at the settlement date.

Accounting Treatment for Termination Benefits

Liabilities arising from termination benefits shall be recognised and included in profit or loss for the current period at the earlier of the following two dates:

- (1) When the enterprise can no longer unilaterally withdraw the termination benefits offered under a redundancy plan or layoff proposal;
- (2) When the enterprise recognises costs or expenses related to restructurings involving payment of termination benefits.

If termination benefits are expected to be fully settled within twelve months after the end of the reporting period in which they are recognised, provisions for short-term benefits shall apply. If full settlement cannot be completed within twelve months after the reporting period, provisions for other long-term employee benefits shall apply.

Accounting Treatment for Other Long-term Employee Benefits

Other long-term employee benefits that meet the criteria of defined contribution plans shall be accounted for in accordance with Section 2 above. Those that do not meet defined contribution plan criteria shall follow provisions for defined benefit plans to recognise and measure net liabilities or assets for other long-term employee benefits. At the end of the reporting period, the aggregate net amount of service costs, net interest on net liabilities or assets, and remeasurement gains or losses on net liabilities or assets of other long-term employee benefits shall be included in profit or loss for the current period or the cost of relevant assets.

24. Lease Liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments as at the commencement date of the lease, except for short-term leases and low-value asset leases accounted for under simplified treatment. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the implicit rate cannot be determined, the Company's incremental borrowing rate shall be adopted as the discount rate.

Lease payments refer to payments made by the Company to the lessor in connection with the right to use the leased asset over the lease term, including:

- (1) Fixed payments and substantive fixed payments, net of lease incentives received where applicable;
- (2) Variable lease payments dependent on an index or rate, determined based on the index or rate as at the commencement date for initial measurement;
- (3) Exercise price of purchase options that the Company is reasonably certain to exercise;
- (4) Payments required upon exercise of termination options if the lease term reflects the Company's intention to terminate the lease;
- (5) Estimated payable amounts based on residual value guarantees provided by the Company.

After the commencement date of the lease, the Company calculates interest expenses on lease liabilities for each period over the lease term using a fixed periodic interest rate, which are recognised in profit or loss for the current period or the cost of relevant assets. Variable lease payments not included in the measurement of lease liabilities shall be recognised in profit or loss for the current period or relevant asset cost when actually incurred.

After the commencement date of the lease, if any of the following circumstances arise, the Company shall remeasure lease liabilities and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference shall be recognised in profit or loss for the current period:

(1) Where the assessment results or actual exercise of purchase options, renewal options or termination options change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and revised discount rates;

(2) Where substantive fixed payments change, estimated payable amounts of residual guarantees change, or indices or ratios used to determine lease payments change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and the original discount rate. However, if changes in lease payments arise from floating interest rate fluctuations, revised discount rates shall be used to calculate present value.

25. Provisions

Provisions shall be recognised for litigations, debt guarantees, onerous contracts and restructuring events if it is probable that an outflow of assets or provision of services will be required in the future and the related amount can be reliably measured.

Provisions are initially measured at the best estimate of expenditures required to settle the present obligation, taking into account risks, uncertainties and time value of money related to contingencies. Where the time value of money is material, the best estimate is determined by discounting relevant future cash outflows. Increases in the carrying amount of provisions arising from unwinding of discounts over time shall be recognised as interest expenses.

The carrying amount of provisions shall be reviewed and appropriately adjusted at the end of each reporting period to reflect the current best estimate.

(1) Onerous Contracts

An onerous contract is a contract where unavoidable costs to fulfil the contractual obligations exceed expected economic benefits. Where an executory contract becomes an onerous contract and the obligations arising therefrom meet the above recognition criteria for provisions, a provision shall be recognised for the portion of expected contract losses exceeding any recognised

impairment allowance on contract underlying assets (if any).

(2)Restructuring Obligations

For detailed, formal and publicly announced restructuring plans that meet the above recognition criteria for provisions, the amount of provisions shall be determined based on direct expenditures attributable to restructuring. For restructuring obligations involving disposal of partial businesses, relevant obligations shall only be recognised when the Company commits to the disposal of partial businesses (i.e., binding disposal agreements are signed).

(3)Product Quality Warranties and Maintenance

The Company recognises provisions for after-sales maintenance commitments provided to customers for sold, repaired and renovated products. Recent historical maintenance data is taken into account when measuring provisions, but such historical experience may not reflect future maintenance costs. Any increase or decrease in such provisions may affect profit or loss in future years.

(4)Repurchase Guarantees

The Company provides equipment repurchase guarantees to financial institutions for customers with financing needs, and recognises provisions based on potential losses under repurchase guarantees. Historical data on actual performance of repurchase guarantees and loss ratios after guarantee performance, as well as assessment of repayment capacity of different customers, are considered when measuring provisions. Historical data and assessments may not reflect future repurchase losses, so any increase or decrease in such provisions may affect profit or loss in future years.

26. Revenue

(1). Accounting Policies for Revenue Recognition and Measurement

The Company recognises revenue at the point when a customer obtains control of the relevant goods if a contract with the customer satisfies all the following criteria simultaneously:

All parties to the contract have approved the contract and undertake to perform their respective obligations;

The contract clearly defines the rights and obligations of each party relating to the transfer of goods or provision of services;

The contract contains explicit payment terms associated with the transferred goods;

The contract has commercial substance, meaning performance of the contract will alter the risk, timing or amount of the Company's future cash flows;

It is highly probable that the consideration to which the Company is entitled in exchange for transferring goods to the customer will be collected.

At contract inception, the Company identifies each distinct performance obligation contained in the contract, and allocates the transaction price to each distinct performance obligation in proportion to the relative standalone selling prices of the goods promised under each obligation. When determining the transaction price, the Company takes into account the impacts of variable consideration, significant financing components embedded in the contract, non-cash consideration, consideration payable to customers and other factors.

For each distinct performance obligation in a contract, if any of the following criteria is met, the Company recognises revenue allocated to such performance obligation over the satisfaction progress of the obligation:

The customer simultaneously receives and consumes the economic benefits arising from the Company's performance as the Company performs;

The customer obtains control of the work-in-progress goods created by the Company during performance;

The goods produced by the Company in the course of performance have no alternative use to the Company, and the Company has an enforceable right to receive payment for performance completed to date throughout the contract term.

The satisfaction progress of performance obligations is measured by either the input method or output method based on the nature of transferred goods. When the satisfaction progress cannot be reasonably estimated, revenue shall be recognised at the amount of costs incurred if such costs are expected to be recoverable, until the progress can be reasonably measured.

If none of the above criteria are satisfied, the Company recognises the transaction price allocated to the distinct performance obligation at the point in time when the customer obtains control of the relevant goods. When assessing whether a customer has obtained control of goods, the Company considers the following indicators:

The Company holds a present right to receive payment for the goods, i.e. the customer bears a present payment obligation for such goods;

Legal title to the goods has been transferred to the customer, i.e. the customer owns legal title to the goods;

Physical possession of the goods has been transferred to the customer, i.e. the customer physically holds the goods;

Substantial risks and rewards of ownership of the goods have been transferred to the customer, i.e. the customer obtains substantial risks and rewards of ownership of the goods;

The customer has accepted the goods;

Other indicators demonstrating that the customer has obtained control of the goods.

(2). Specific Revenue Recognition Principles of the Company

1) The Company measures revenue based on the transaction price allocated to each distinct performance obligation. The transaction price refers to the amount of consideration the Company expects to be entitled to receive in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties and amounts expected to be refunded to customers.

2) Where a contract contains variable consideration, the Company determines the best estimate of variable consideration using either the expected value or the most likely amount approach. Nevertheless, the total transaction price including variable consideration shall not exceed the amount at which a significant reversal of cumulative recognised revenue is highly improbable once the relevant uncertainties are resolved.

3) Where a contract contains a significant financing component, the transaction price is determined as the cash amount the customer would pay upon obtaining control of goods or services. The difference between such transaction price and the contractual consideration is amortised over the contract term using the effective interest method. At contract inception, if the time interval between the customer obtaining control of goods or services and payment is expected to be no more than one year, the significant financing component embedded in the contract shall not be accounted for separately.

4) Where a contract contains two or more performance obligations, the Company allocates the

transaction price to each distinct performance obligation at contract inception in proportion to the relative standalone selling prices of the promised goods under each obligation.

(3). Specific Revenue Recognition Methods

The Company's principal businesses consist of goods sales, gas supply, heating and water supply, and engineering construction. Revenue recognition shall satisfy the following respective conditions:

1) Goods sales: Revenue is recognised after the Company delivers products to the purchaser in accordance with contractual terms and obtains customer confirmation, whereby the Company acquires the right to collect sales proceeds, and there is no evidence indicating irrecoverability of receivables from goods sales.

2) Gas, water and heating supply: Revenue is recognised after monthly meter reading and statistics upon provision of gas, water and heating services in accordance with contractual agreements.

3) Engineering construction: Construction contracts entered into with customers generally contain performance obligations for public infrastructure and other infrastructure works. Since customers control work-in-progress assets generated during the Company's performance, such obligations are classified as performance obligations satisfied over time, and revenue is recognised based on satisfaction progress, unless such progress cannot be reasonably estimated. The Company adopts the input method to measure performance progress based on incurred costs.

Pursuant to sales contracts signed with customers, the Company provides free equipment repair and maintenance services within the warranty period of sold products. Related expenses incurred are recorded as selling expenses. The Company does not accrue estimated after-sales service fees for the warranty period at the end of each reporting period; such expenses are directly recognised in profit or loss for the period when actually incurred.

27. Contract Costs

Contract costs include incremental costs to obtain a contract and costs to fulfil a contract.

(1). Incremental Costs to Obtain a Contract

Incremental costs to obtain a contract refer to costs that would not have been incurred if the

contract had not been obtained (e.g. sales commissions). If such costs are expected to be recoverable, they are recognised as an asset representing contract acquisition costs. Other expenditures incurred to obtain a contract, excluding recoverable incremental costs, are recognised in profit or loss when incurred, unless such expenditures are explicitly to be borne by the customer.

(2). Costs to Fulfil a Contract

Costs incurred to fulfil a contract that are not within the scope of other Accounting Standards for Business Enterprises such as Inventories shall be recognised as an asset representing contract fulfilment costs if all the following criteria are met simultaneously:

- 1) The costs are directly related to an existing or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar expenses), costs explicitly borne by customers, and other costs incurred solely for the contract;
- 2) The costs generate resources of the enterprise that will be used to satisfy performance obligations (including continuous satisfaction) in future periods;
- 3) The costs are expected to be recoverable.

(3). Amortisation and Impairment of Contract Costs

Assets recognised from contract acquisition costs and contract fulfilment costs (collectively referred to as “assets related to contract costs”) are amortised on the same basis as revenue recognition for the goods or services associated with such assets, with amortisation charged to profit or loss. If the amortisation period of an asset arising from contract acquisition costs is no longer than one year, such costs are recognised in profit or loss when incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between Item 1) and Item 2) below, an impairment allowance shall be provided for the excess amount and recognised as an asset impairment loss:

- 1) Remaining consideration the enterprise expects to receive from transferring goods or services associated with the asset;
- 2) Estimated costs to be incurred to transfer the relevant goods or services.

If changes in factors that previously triggered impairment result in the difference between Item 1) and Item 2) exceeding the carrying amount of contract costs, the previously recognised asset impairment allowance shall be reversed and credited to profit or loss. However, the carrying

amount of contract costs after reversal shall not exceed the carrying amount that would have existed at the reversal date had no impairment allowance been recognised.

28. Government Grants

Government grants refer to monetary or non-monetary assets obtained free of charge by the Company from government authorities, classified into asset-related government grants and income-related government grants.

(1). Identification Criteria and Accounting Treatment for Asset-related Government Grants

Government grants obtained by the Company for the construction, acquisition or other formation of long-term assets are classified as asset-related government grants.

Asset-related government grants are offset against the carrying amount of the relevant assets. Government grants measured at a nominal amount are directly recognised in profit or loss for the period.

If the relevant asset is sold, transferred, retired or impaired prior to the end of its useful life, the unamortised balance of deferred income related to such grant shall be transferred to profit or loss in the period of asset disposal.

(2). Identification Criteria and Accounting Treatment for Income-related Government Grants

All government grants obtained by the Company other than asset-related grants are classified as income-related government grants, accounted for as follows:

1) Grants intended to compensate the Company for relevant costs, expenses or losses in future periods are recognised as deferred income and released to profit or loss in the periods when the corresponding costs, expenses or losses are recognised.

2) Grants intended to compensate the Company for relevant costs, expenses or losses already incurred are directly recognised in profit or loss for the current period.

For government grants containing both an asset-related portion and an income-related portion, the two portions shall be separated and accounted for respectively. If separation is impracticable, the entire grant shall be classified as an income-related government grant.

Government grants associated with the Company's ordinary business activities are recorded

in other income in accordance with the substance of the economic transaction. Government grants unrelated to ordinary business activities are recorded in non-operating income or non-operating expenses.

(3). Accounting Treatment for Policy-based Concessionary Loan Interest Subsidies

1) Where fiscal authorities allocate interest subsidy funds to lending banks, which in turn provide loans to the Company at policy-based preferential interest rates, the amount of borrowings actually received is recorded as the carrying amount of the loan, and related borrowing costs are calculated based on the principal amount and such preferential interest rate.

2) Where fiscal authorities allocate interest subsidies directly to the Company, the corresponding subsidies are offset against the relevant borrowing costs.

Government grants are recognised and measured at the actual amount received upon receipt of funds. Grants may only be recognised and measured on an accrual basis if conclusive evidence exists that the grant is allocated under fixed quota standards, or conclusive evidence proves the Company will satisfy the relevant conditions stipulated in fiscal support policies and it is probable that the fiscal support funds will be received.

If a recognised government grant is required to be repaid, accounting treatment shall be performed in the repayment period: for grants initially recognised by offsetting asset carrying amounts, the carrying amount of the relevant assets shall be adjusted accordingly.

29. Deferred Tax Assets and Deferred Tax Liabilities

The Company applies the balance sheet liability method to recognise deferred taxes arising from temporary differences between the carrying amounts and tax bases of assets and liabilities at the reporting date, as well as temporary differences arising from items not recognised as assets or liabilities but with determinable tax bases under tax laws at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except for taxable temporary differences arising from the following transactions:

(1) Initial recognition of goodwill;

(2) Initial recognition of assets or liabilities arising from a transaction that meets both of the following features: the transaction is not a business combination, it affects neither accounting

profit nor taxable profit or deductible losses at the time of occurrence, and the initially recognised assets and liabilities generate unequal taxable and deductible temporary differences;

(3) Taxable temporary differences associated with investments in subsidiaries, joint ventures and associates where the timing of reversal of the temporary difference is controllable and it is highly improbable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, deductible losses and tax credits carry-forward to future periods, limited to the extent of taxable profits expected to be available in future periods to offset such deductible temporary differences, deductible losses and tax credits, except for deductible temporary differences arising from the following transactions:

(1) Initial recognition of assets or liabilities arising from a transaction that meets both of the following features: the transaction is not a business combination, it affects neither accounting profit nor taxable profit or deductible losses at the time of occurrence, and the initially recognised assets and liabilities generate unequal taxable and deductible temporary differences;

(2) Deductible temporary differences associated with investments in subsidiaries, joint ventures and associates: deferred tax assets are recognised only if both of the following conditions are satisfied: the temporary difference is highly probable to reverse in the foreseeable future, and taxable profits sufficient to offset the deductible temporary difference are expected to be available in future periods.

At each reporting date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates expected to prevail in the periods when the asset is recovered or the liability is settled in accordance with tax laws, reflecting the tax impacts of the expected manner of asset recovery or liability settlement as at the reporting date.

The carrying amounts of deferred tax assets are reviewed at each reporting date. If it is probable that sufficient taxable profits will not be available in future periods to utilise the benefits of deferred tax assets, the carrying amount of deferred tax assets shall be written down. The previously written-down amount shall be reversed when sufficient taxable profits are expected to be obtainable.

Deferred tax assets and deferred tax liabilities are presented net only if both of the following criteria are satisfied:

(1) The enterprise has a legally enforceable right to settle current tax assets and current tax

liabilities on a net basis;

(2) The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or relate to different taxable entities where each taxable entity intends to settle current tax assets and current tax liabilities on a net basis, or realise assets and settle liabilities simultaneously, in every material future period of reversal of deferred tax assets and liabilities.

30. Leases

(1). Identification of a Lease

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At contract inception, the Company assesses whether a contract contains a lease. A contract contains a lease if one party conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. Unless the contract terms and conditions are modified, the Company does not reassess whether a contract contains a lease. To determine whether a contract conveys the right to control the use of an identified asset over a period, the Company assesses whether the customer obtains substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset during such period.

(2). Separation of Distinct Leases

If a contract contains multiple distinct leases, the Company separates the contract and accounts for each distinct lease separately. A right to use an identified asset constitutes a distinct lease within the contract if both of the following criteria are met:

1) The lessee can benefit from use of the asset either on its own or together with other readily available resources;

2) The asset is not highly dependent on or highly interrelated with other assets in the contract.

(3). The Company as Lessee

At lease commencement date, leases with a lease term of no more than 12 months and no purchase option are classified as short-term leases. Leases of individual assets that are low-value when new are classified as low-value asset leases. If the Company subleases or expects to sublease

the leased asset, the original lease is not classified as a low-value asset lease.

For all short-term leases and low-value asset leases, lease payments are recognised in the cost of relevant assets or profit or loss for each period over the lease term on a straight-line basis.

Except for the above simplified accounting for short-term and low-value asset leases, the Company recognises right-of-use assets and lease liabilities for all leases at the commencement date.

1) Right-of-use Assets

Right-of-use assets are initially measured at cost, comprising:

The initial measurement amount of lease liabilities;

Lease payments made on or before the commencement date of the lease, net of any lease incentives received;

Initial direct costs incurred by the lessee;

Estimated costs to be incurred by the lessee to dismantle and remove the leased asset, restore the site of the leased asset or return the leased asset to the condition stipulated under the lease terms, excluding costs incurred for inventory production.

Depreciation of right-of-use assets is provided on a straight-line basis. If the Company can reasonably determine that ownership of the leased asset will be obtained upon expiry of the lease term, depreciation is charged over the remaining useful life of the leased asset. If ownership cannot be reasonably determined to be obtained at lease expiry, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

2) Lease Liabilities

At lease commencement date, lease liabilities are recognised at the present value of unpaid lease payments. The interest rate implicit in the lease is used as the discount rate to calculate the present value of lease payments; if the implicit rate cannot be determined, the Company's incremental borrowing rate is adopted as the discount rate. The difference between lease payments and their present value is recognised as unamortised finance costs, and interest expenses are recognised in profit or loss or relevant asset cost for each period over the lease term using the discount rate applied to measure the present value of lease payments. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss or relevant asset

cost when actually incurred.

After lease commencement date, if substantive fixed payments, estimated payable residual guarantee amounts, indices or ratios used to determine lease payments, or the assessment or actual exercise of purchase, renewal or termination options change, the Company remeasures lease liabilities at the present value of revised lease payments and adjusts the carrying amount of the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference is recognised in profit or loss for the current period.

(4). The Company as Lessor

At lease commencement date, leases that transfer substantially all of the risks and rewards incidental to ownership of the leased asset are classified as finance leases; all other leases are operating leases.

1) Operating Leases

Lease income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are capitalised and amortised to profit or loss in instalments on the same basis as lease income recognition. Variable lease payments related to operating leases not included in lease receivables are recognised in profit or loss when actually received.

2) Finance Leases

At lease commencement date, the Company recognises finance lease receivables at the net investment in the lease (the sum of unguaranteed residual value and the present value of lease payments receivable discounted at the interest rate implicit in the lease as at commencement date), and derecognises the underlying leased asset. Interest income is calculated and recognised for each period over the lease term using the interest rate implicit in the lease.

Variable lease payments received that are not included in the net investment in the lease are recognised in profit or loss when actually received.

(5). Sale and Leaseback Transactions

1) The Company as Lessee

The Company assesses whether the transfer of assets in a sale and leaseback transaction constitutes a sale in accordance with Accounting Standard for Business Enterprises No.14 —

Revenue.

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the right-of-use asset arising from the leaseback is measured based on the portion of the original asset's carrying amount attributable to the right of use retained through the leaseback, and gain or loss is recognised only for the portion of rights transferred to the lessor.

If the asset transfer does not qualify as a sale, the Company continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds, which is accounted for under Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments.

2) The Company as Lessor

The Company assesses whether the transfer of assets in a sale and leaseback transaction constitutes a sale in accordance with Accounting Standard for Business Enterprises No.14 — Revenue.

If the asset transfer qualifies as a sale, the Company accounts for the asset purchase under other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset under Accounting Standard for Business Enterprises No.21 — Leases.

If the asset transfer does not qualify as a sale, the Company does not derecognise the transferred asset, but recognises a financial asset equal to the transfer proceeds, which is accounted for under Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments.

31. Work Safety Expenses

Work safety expenses accrued by the Company in accordance with national regulations are charged to the cost of relevant products or profit or loss for the current period, with a corresponding credit to the Special Reserve account.

When utilising the accrued work safety expenses:

Expenditures of a revenue nature shall directly reduce the balance of Special Reserve.

For expenditures that result in fixed assets, all relevant outlays are first accumulated under the

Construction in Progress account. Upon completion of the safety project and when it reaches its intended usable state, such outlays are recognised as fixed assets. Meanwhile, the Special Reserve is reduced by an amount equal to the cost of the newly formed fixed asset, and accumulated depreciation of the identical amount is recognised. No further depreciation shall be provided for such fixed assets in subsequent periods.

32. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in Significant Accounting Policies

No material changes to the Company's principal accounting policies occurred during the current reporting period.

(2) Changes in Significant Accounting Estimates

No material changes to the Company's principal accounting estimates occurred during the current reporting period.

IV. Taxation

1. Major taxes and tax rates

The major taxes applicable to the Company for the current period and their respective tax rates are set out as follows:

Tax Category	Tax Base	Tax Rate
Value-Added (VAT) Tax	Output VAT is calculated based on revenue from sales of goods and taxable services in accordance with tax laws. The payable VAT equals the balance after deducting deductible input VAT for the current period.	13%, 9%, 6%, 5%, 3%
Property Tax	Ad valorem levy: 1.2% of the residual value of the property original value after a one-time deduction of 20%; Rental-based levy: 12% of rental income.	1.2%; 12%
Urban Maintenance and Construction Tax	Amount of turnover taxes actually paid	7%
Education Surcharge	Amount of turnover taxes actually paid	3%
Local Education Surcharge	Amount of turnover taxes actually paid	2%
Corporate Income Tax (CIT)	Taxable income	15%, 20%, 24%, 25%
Resource Tax	Cumulative water withdrawal volume	RMB 0.8 per cubic meter, RMB 0.4 per cubic meter

Notes on Corporate Income Tax Rates of Entities Subject to Different Tax Rates:

Company Name	Tax Rate	Remarks
The Company	25%	-
Shandong Aite Yunxiang Information Technology Co., Ltd.	15%	-
Zibo Xinneng Supply Chain Co., Ltd.	20%	Small and Micro Enterprise
Zibo Huimin Gas Co., Ltd.	20%	Small and Micro Enterprise
Zibo Fucheng Property Management Co., Ltd. Zhangdian Branch	20%	Small and Micro Enterprise
Zibo Xinneng Energy Group Co., Ltd. Asset Management Branch	20%	Small and Micro Enterprise
Zibo Xinneng Energy Group Co., Ltd. Materials Supply and Marketing Branch	20%	Small and Micro Enterprise
Shandong Xinneng Internet of Things Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Guoxin Integrated Energy Co., Ltd.	20%	Small and Micro Enterprise
Zibo Juwei Economic and Trade Co., Ltd.	20%	Small and Micro Enterprise
Zibo Energy Group Natural Gas Pipeline Network Co., Ltd.	20%	Small and Micro Enterprise
Zibo Xinneng Industry and Trade Co., Ltd.	20%	Small and Micro Enterprise
Shandong Jiayiayuan New Energy Co., Ltd.	20%	Small and Micro Enterprise
Zibo Thermal Pipeline Network Co., Ltd.	20%	Small and Micro Enterprise
Zibo New Torch Property Service Co., Ltd.	20%	Small and Micro Enterprise
Zibo Carbon Ecological Development Group Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qixin Green New Energy Technology Co., Ltd.	20%	Small and Micro Enterprise
Shandong Zhongrui Water Supply Equipment Co., Ltd.	20%	Small and Micro Enterprise
Zibo Zishui Instrument Manufacturing Co., Ltd.	20%	Small and Micro Enterprise
Zibo Ankang Real Estate Development Co., Ltd.	20%	Small and Micro Enterprise
Zibo Ankang Real Estate Development Co., Ltd. Zhangdian Branch	20%	Small and Micro Enterprise
Zibo Guorun Radon Spring Villa Co., Ltd.	20%	Small and Micro Enterprise
Shandong Qirun Environmental Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Maiwang Water Affairs Co., Ltd.	20%	Small and Micro Enterprise
Zibo Boyue Water Affairs Co., Ltd.	20%	Small and Micro Enterprise
Shandong Zirun High Quality Water Purification Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Anrui Water Quality Testing Co., Ltd.	20%	Small and Micro Enterprise
Zibo Fengji New Energy Development Co., Ltd.	20%	Small and Micro Enterprise
Zibo Ningbi Drinking Water Co., Ltd.	20%	Small and Micro Enterprise
Zibo Runcheng Engineering Design Co., Ltd.	20%	Small and Micro Enterprise
Zibo Runbang Real Estate Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qixin Emergency Bridge Loan Fund Co., Ltd.	20%	Small and Micro Enterprise
Qixin Private Equity Fund Management (Zibo) Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qiying Property Management Service Co., Ltd.	20%	Small and Micro Enterprise
Zibo Caijin Lingrui Investment Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Jingsheng Supply Chain Co., Ltd.	20%	Small and Micro Enterprise
Zibo Lijingyuan Catering Management Co., Ltd.	20%	Small and Micro Enterprise

Company Name	Tax Rate	Remarks
Zibo Lijingyuan Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qicheng Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Jinzhai Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Dingshun Property Management Co., Ltd.	20%	Small and Micro Enterprise
Other subsidiaries	25%	-

2. Tax Preferences and Relevant Approvals

(1). Corporate Income Tax

In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration), the policy whereby the taxable income of small and low-profit enterprises is calculated at 25% and subject to corporate income tax at the rate of 20% shall be extended until 31 December 2027. Pursuant to the above provisions, certain subsidiaries of the Company adopt the 20% corporate income tax rate and enjoy the aforesaid preferential tax policy.

Shandong Aite Yunxiang Information Technology Co., Ltd., a subsidiary of the Company, renewed its High and New Technology Enterprise Certificate on 8 December 2025, which is valid for three years. It is entitled to the preferential corporate income tax rate of 15% as a high and new technology enterprise for the years 2025 to 2028.

V. Notes to Items of Consolidated Financial Statements

Unless otherwise noted, in this section: the beginning of the year refers to 1 January 2025; the end of period refers to 31 December 2025; the current period refers to Year 2025; and the prior period refers to Year 2024. The currency unit of amount is RMB.

1. Monetary funds

(1) Details

Items	Closing balance	Opening balance
Cash on hand	79,276.53	671,848.54
Cash in bank	5,163,157,228.91	5,699,218,101.20

Items	Closing balance	Opening balance
Other monetary funds	3,389,404,652.47	1,663,769,165.09
Undue Interest	77,017,255.62	20,909,815.05
Total	8,629,658,413.53	7,384,568,929.88

(2) At the end of the period, the company did not have any funds stored overseas and with remitting restriction.

Items	Closing balance	Opening balance
Security Deposits	105,966,782.14	271,438,782.03
Frozen Bank Deposits	373,655,628.52	123,318,869.64
Refundable Investment Funds	9,881,751.86	11,807,848.70
Accrued Interest Receivable Not Yet Due	77,017,255.62	20,909,815.05
Total	566,521,418.14	427,475,315.42

(3) The above accrued interest receivable not yet due does not qualify as cash and cash equivalents.

2. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets held for trading	254,694,778.45	256,125,349.57
Including: Funds	91,434,324.75	96,224,978.10
Equity instrument investment	651,100.00	5,868,130.00
Bank and securities brokerage products, etc.	162,609,353.70	154,032,241.47

3. Notes Receivable

(1) Details

Items	Closing balance	Opening balance
Bank Acceptance Bills	120,024,805.48	85,986,365.33
Commercial Acceptance Bills	1,768,832.25	4,363,896.67
Total	121,793,637.73	90,350,262.00

(2) Disclosure by bad debt provision method

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts based on individual items	-	-	-	-	-
Provision for bad debts by combination	121,793,637.73	100.00	-	-	121,793,637.73
Including: Bank Acceptance Bills	120,024,805.48	98.55	-	-	120,024,805.48
Commercial Acceptance Bills	1,768,832.25	1.45	-	-	1,768,832.25
Total	121,793,637.73	100.00	-	-	121,793,637.73

Continued from the table above:

Type	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts based on individual items	-	-	-	-	-
Provision for bad debts by combination	90,350,262.00	100.00	-	-	90,350,262.00
Including: Bank Acceptance Bills	85,986,365.33	95.17	-	-	85,986,365.33
Commercial Acceptance Bills	4,363,896.67	4.83	-	-	4,363,896.67
Total	90,350,262.00	100.00	-	-	90,350,262.00

(3) Provision for Impairment of Receivables

Bills Receivable for which impairment provisions are made on a portfolio basis at the end of the period

Portfolio	Carrying Amount	Allowance for Impairment	Provision Ratio (%)
Bank Acceptance Bills	120,024,805.48	-	-
Commercial Acceptance Bills	1,768,832.25	-	-
Total	121,793,637.73	-	-

4. Accounts receivable

1. Disclosure by age

Ageing	Closing balance
Within 1 year	1,434,978,017.88
1-2 years	198,137,018.17
2-3 years	293,334,429.56
3-4 years	120,461,095.68
4-5 years	129,711,882.18
Over 5 years	92,067,391.18
Subtotal, book balances	2,268,689,834.65
Less: Provision for bad debts	198,213,524.79
Total book value	2,070,476,309.86

2. Categorized by bad debt method Disclosure

Categories	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	17,719,082.09	0.78	17,719,082.09	100.00	-
Prepare for bad debts in combination	2,250,970,752.56	99.22	180,494,442.70	8.02	2,070,476,309.86
Total	2,268,689,834.65	100.00	198,213,524.79	8.74	2,070,476,309.86

Continued from the table above:

Categories	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	198,607,142.59	8.11	122,130,460.86	61.49	76,476,681.73
Prepare for bad debts in combination	2,249,168,732.89	91.89	323,420,214.65	14.38	1,925,748,518.24
Total	2,447,775,875.48	100.00	445,550,675.51	18.20	2,002,225,199.97

3. Preparation for bad debts

(1) Accounts receivable for which allowance for bad debts is provided on an individual basis

Name of debtors	Book balance	Bad debt provision	Ratio (%)	Rationale
Zibo Zidao Economic & Trade Co., Ltd.	2,919,290.52	2,919,290.52	100.00	Not expected to be recovered
Shandong Xinneng Kungang Lightweight	5,065,031.96	5,065,031.96	100.00	Insolvency

Equipment Co., Ltd.				
Nantong Jianghai Fuel Company	7,488,033.41	7,488,033.41	100.00	Not expected to be recovered
Zibo Dongli Industry & Trade Co., Ltd.	1,213,904.76	1,213,904.76	100.00	Not expected to be recovered
Zibo Xiatianyang Power Fuel Co., Ltd.	737,894.94	737,894.94	100.00	Not expected to be recovered
China Coal Datong Co., Ltd.	280,000.00	280,000.00	100.00	Not expected to be recovered
Yantai Zhentong Industry and Trade Co., Ltd.	13,450.50	13,450.50	100.00	Not expected to be recovered
Laizhou Development Zone Gas Station	1,476.00	1,476.00	100.00	Not expected to be recovered
Total	17,719,082.09	17,719,082.09	-	-

(2) Accounts receivable provisioned for bad debts on a group basis at the end of the reporting period

Items	Book balance	Bad debt provision	Ratio (%)
Ageing group	1,912,240,111.15	180,494,442.70	9.44
Related parties and other combinations	338,730,641.41	-	-
Subtotal	2,250,970,752.56	180,494,442.70	8.02

of which: ageing group

Ageing	Book balance	Bad debt provision	Ratio (%)
Within 1 year	1,289,975,760.53	-	-
1-2 years	126,306,531.11	6,191,034.42	4.90
2-3 years	261,276,501.47	30,706,559.19	11.75
3-4 years	41,778,057.20	12,533,417.17	30.00
4-5 years	123,679,657.86	61,839,828.94	50.00
Over 5 years	69,223,602.98	69,223,602.98	100.00
Subtotal	1,912,240,111.15	180,494,442.70	9.44

4. Preparation for bad debts charged, recovered or transferred during the period

Preparation for bad debts for the current period

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debt provision accrued on individual	122,130,460.86	-20,492,112.22	-	-	-83,919,266.55	17,719,082.09

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
basis						
Bad debt provision accrued on portfolio basis	323,420,214.65	29,364,405.10	-	-	-172,290,177.05	180,494,442.70
Subtotal	445,550,675.51	8,872,292.88	-	-	-256,209,443.60	198,213,524.79

5. At the end of the period, the top five receivables totaled RMB 886,923,714.00.

5. Receivables financing

1. Receivables financing

Item	Closing balance	Opening balance
Notes receivable measured at fair value with changes recognised in other comprehensive income	453,682.26	16,917,037.06

2. Preparedness for bad debts

At the end of the period, the company did not consider that there was a significant credit risk in the receivables financing held and that there would be no significant loss as a result of default.

6. Prepayments

1. Ageing analysis

Ageing	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	633,896,936.90	42.64	956,451,005.55	65.36
1-2 years	400,535,703.58	26.94	365,901,197.40	25.00
2-3 years	324,086,805.03	21.80	48,910,642.87	3.34
More than 3 years	128,051,051.78	8.62	92,170,383.77	6.30
Subtotal, book balances	1,486,570,497.29	100.00	1,463,433,229.59	100.00
Less: Preparation for bad debts	-	-	4,510,143.31	-
Total book value	1,486,570,497.29	100.00	1,458,923,086.28	100.00

2. At the end of the period, the first five advances totaled RMB 903,707,350.05.

7. Other receivable

1. Details

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Interest receivable	-	-	-
Receivable dividends	-	-	-
Other accounts receivable	9,273,637,862.95	940,342,161.00	8,333,295,701.95
Total	9,273,637,862.95	940,342,161.00	8,333,295,701.95

Continued from the table above::

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Interest receivable	-	-	-
Receivable dividends	-	-	-
Other accounts receivable	8,205,529,756.74	921,236,668.17	7,284,293,088.57
Total	8,205,529,756.74	921,236,668.17	7,284,293,088.57

2. Other receivables

(1) Disclosure by age

Ageing	Closing balance
Within 1 year	5,366,228,243.92
1-2 years	1,595,283,615.06
2-3 years	288,550,737.38
3-4 years	29,779,708.53
4-5 years	179,553,194.21
Over 5 years	1,814,242,363.85
Subtotal of carrying amounts	9,273,637,862.95
Less: Bad debt provision	940,342,161.00
Subtotal of book value	8,333,295,701.95

(2) Disclosure by nature

Nature	Closing balance	Opening balance
Transactions	9,166,404,977.34	8,035,628,881.60
Bonds and deposits	11,294,018.25	29,888,859.49
Other	95,938,867.36	140,012,015.65
Subtotal of carrying amounts	9,273,637,862.95	8,205,529,756.74
Less: Bad debt provision	940,342,161.00	921,236,668.17
Subtotal of book value	8,333,295,701.95	7,284,293,088.57

(3) Bad debt provision

Provision for Bad debt.	First stage	Second stage	Third stage	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
Balance as at 1 January 2025	190,889,292.94	76,900.74	730,270,474.49	921,236,668.17
Movement of the balance as at 1 January 2025 in current period	-	-	-	-
Increase in business consolidation	-	-	-	-
--Transfer to the second stage	-	-	-	-
--Transfer to the third stage	-	-	-	-
--Reversal to the second stage	-	-	-	-
--Reversal to the first stage	-	-	-	-
Accrual in current period	-4,235,084.10	-	54,516,070.55	50,280,986.45
Recovery or reversal in current period	-	-	-	-
Write-off in current period	4,942.36	-	-	4,942.36
Other changes	-10,274,232.26	-76,900.74	-20,819,418.26	-31,170,551.26
Balance as at 31 December 2025	176,375,034.22	-	763,967,126.78	940,342,161.00

(4) Other receivables assessed for impairment on an individual basis at the end of the reporting period

1) Other receivables assessed for impairment on a collective basis at the end of the reporting period

Unit	Book balance	Provision for Bad debt.	Ratio (%)	Rationale

Shandong Xinneng Energy Equipment Manufacturing Co., Ltd.	342,047,170.48	342,047,170.48	100.00	Insolvency
Shandong Xinneng Kungang Lightweight Equipment Co., Ltd.	65,996,834.83	65,996,834.83	100.00	Insolvency
Zibo Haizhou Powder Metallurgy Co., Ltd.	62,987,365.13	62,987,365.13	100.00	Not expected to be recovered
Zibo Qilu Chemical Industrial Park Development Co., Ltd.	50,000,000.00	50,000,000.00	100.00	Not expected to be recovered
Shandong Tianhu Tourism Culture Co., Ltd.	36,936,243.04	36,936,243.04	100.00	Not expected to be recovered
Zibo Sanlin New Materials Co., Ltd.	30,000,000.00	30,000,000.00	100.00	Not expected to be recovered
Shandong Jinshunda Pipe Industry Co., Ltd.	25,000,000.00	25,000,000.00	100.00	Not expected to be recovered
Zibo Taixun Plastic Co., Ltd.	23,280,000.00	23,280,000.00	100.00	Not expected to be recovered
Shandong Dingli Chinese Herbal Medicine Technology Co., Ltd.	22,331,978.09	22,331,978.09	100.00	Not expected to be recovered
Shandong Jinshunda Group Co., Ltd.	19,850,000.00	19,850,000.00	100.00	Not expected to be recovered
Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	18,000,000.00	18,000,000.00	100.00	Insolvency
Zibo Longwei Chemical Co., Ltd.	12,877,076.50	12,877,076.50	100.00	Not expected to be recovered
Commercial Bank Zhongxin Road Sub-branch (Fubang Cable)	11,022,061.88	11,022,061.88	100.00	Not expected to be recovered
Shandong Aigao Agricultural Development Co., Ltd.	10,948,640.00	10,948,640.00	100.00	Not expected to be recovered
Zibo Linzi Thermal Power Plant Co., Ltd.	8,200,000.00	8,200,000.00	100.00	Not expected to be recovered
Zibo Hairong Economy and Trade Co., Ltd.	5,495,837.00	5,495,837.00	100.00	Not expected to be recovered
Shandong Leibao Zirconium Industry Technology Co., Ltd.	5,000,000.00	5,000,000.00	100.00	Not expected to be recovered
Linzi District Water Conservancy Bureau Drilling Team	2,318,100.00	2,318,100.00	100.00	Not expected to be recovered
Zibo Xinke Water Source Development Company	2,288,500.00	2,288,500.00	100.00	Not expected to be recovered
Drinking Water Plant	2,210,162.99	2,210,162.99	100.00	Not expected to be recovered
Other sporadic units	7,177,156.84	7,177,156.84	100.00	Not expected to be recovered
Subtotal	763,967,126.78	763,967,126.78	100.00	-

2) Ageing

Ageing	Book balance	Provision for Bad debt.	Ratio (%)
Within 1 year	4,344,554,055.72	-	-
1-2 years	529,623,760.12	23,780,283.68	4.49
2-3 years	20,934,229.41	2,788,379.53	13.32

Ageing	Book balance	Provision for Bad debt.	Ratio (%)
3-4 years	28,749,711.29	8,416,649.43	29.28
4-5 years	28,017,960.58	11,615,604.87	41.46
Over 5 years	155,122,737.08	129,774,116.71	83.66
Subtotal	5,107,002,454.20	176,375,034.22	3.45

3) Related parties and other combinations

Organization	Book balance	Provision for Bad debt.	Ratio (%)
Related parties and other combinations	3,402,668,281.97	-	-

(5) Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Category	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debts provision per item	730,270,474.49	54,516,070.55	-	-	-20,819,418.26	763,967,126.78
Provision for bad debts by combination	190,966,193.68	-4,235,084.10	-	4,942.36	-10,351,133.00	176,375,034.22
Subtotal	921,236,668.17	50,280,986.45	-	4,942.36	-31,170,551.26	940,342,161.00

(6) At the end of the period, the top five other receivables totaled 4,461,452,640.00.

8. Inventories

1. Details

Item	Closing balance		
	Book balance	Provisions	Carrying amount
Raw materials	101,161,208.87	-	101,161,208.87
Working capital materials	128,559.77	-	128,559.77
Inventory commodities	882,734,845.37	151,292.46	882,583,552.91
Production costs	141,357,962.73	-	141,357,962.73
Low-value consumables	154,050.56	-	154,050.56
Engineering and development costs	2,454,107,659.44	2,940,236.29	2,451,167,423.15
Contract performance costs	19,703,411.31	-	19,703,411.31

Item	Closing balance		
	Book balance	Provisions	Carrying amount
Delivery of commodities	302,770.04	-	302,770.04
Total	3,599,650,468.09	3,091,528.75	3,596,558,939.34

Continued from the table above:

Item	Opening balance		
	Book balance	Provisions	Carrying amount
Raw materials	197,915,724.03	6,740,268.59	191,175,455.44
Working capital materials	674,536.46	6,385.75	668,150.71
Inventory commodities	1,138,243,303.95	151,292.46	1,138,092,011.49
Production costs	82,846,520.84	-	82,846,520.84
Low-value consumables	56,179.12	-	56,179.12
Engineering and development costs	1,872,351,349.21	2,940,236.29	1,869,411,112.92
Contract performance costs	383,899,279.08	69,778,529.17	314,120,749.91
Delivery of commodities	-	-	-
Total	3,675,986,892.69	79,616,712.26	3,596,370,180.43

2. Preparedness for stock price reduction and preparation for impairment of contract performance

costs

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Reversal/Write-off	Other	
Raw materials	6,740,268.59	-	-	-	6,740,268.59	-
Working capital materials	6,385.75	-	-	-	6,385.75	-
Inventory commodities	151,292.46	-	-	-	-	151,292.46
Engineering and development costs	2,940,236.29	-	-	-	-	2,940,236.29
Contract performance costs	69,778,529.17	-	-	-	69,778,529.17	-
Subtotal	79,616,712.26	-	-	-	76,525,183.51	3,091,528.75

9. Contract assets

Items	Closing balance		
	Book balance	Provisions	Carrying amount
Bonds receivable	-	-	-
Completed but not yet settled with clients	-	-	-
Completed unliquidated assets from construction contracts	-	-	-
Total	-	-	-

Continued from the table above:

Items	Opening balance		
	Book balance	Provisions	Carrying amount
Bonds receivable	69,162,566.25	3,850,538.53	65,312,027.72
Completed but not yet settled with clients	192,275,479.32	60,593,633.84	131,681,845.48
Completed unliquidated assets from construction contracts	-	-	-
Total	261,438,045.57	64,444,172.37	196,993,873.20

10. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	79,682,179.82	82,998,758.59
Contract assets due within one year	-	15,629,400.00
Total	79,682,179.82	98,628,158.59

11. Other current assets

1. Details

Item	Closing balance	Opening balance
Currency deposit receivable	2,763,472,273.22	2,750,869,384.31
Bonds receivable	358,632,600.00	212,523,264.00
Value added tax credits	274,465,765.39	41,678,786.52
Guaranteed settlement receivable	10,007,486.12	10,055,395.20
Tax to be offset	3,610,816.29	145,143,580.40

Item	Closing balance	Opening balance
Tax advance	3,401,001.88	16,204,416.32
Reserve for insurance contracts receivable	2,264,937.63	3,074,278.95
Fees and commissions receivable	1,449,321.60	-
Risk losses receivable	31,488.34	123,232.30
Other	-	5,445.75
Total	3,417,335,690.47	3,179,677,783.75

2. At the end of the period, no significant evidence of impairment was observed for other current assets and therefore no allowance was made for impairment.

12. Debt investments

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Creditor investments	1,720,000,000.00	-	1,720,000,000.00	1,500,000,000.00	-	1,500,000,000.00

13. Long-term receivables

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Financial leases	2,627,420.93	131,371.05	2,496,049.88	11,533,636.94	6,156,727.68	5,376,909.26

14. Long-term equity investments

1. Detailed long-term equity investments

Investment units	Opening balance (book value)	Increase/decrease in the current period		
		Additional investments	Reduction of investments	Investment gains and losses recognized under equity law
Associates	-	-	-	-
Shandong Tianshuo Financing Guarantee Co., Ltd.	26,583,809.71	-	-	495,000.00
Qilu Equity Exchange Center Co., Ltd.	76,399,859.46	-	-	57,759.95
Qishang Bank Co., Ltd.	3,062,124,403.29	-	-	107,515,442.62
Zibo Xingang New Energy Co., Ltd.	10,786,333.42	-	-	
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	17,887,794.07	-	-	-1,935,149.10
Qixin Investment Management (Zibo) Co., Ltd.	346,016,664.80	-		
Shenzhen CIMC Intelligent Technology Co., Ltd.	25,350,387.71	-	-	-2,147,911.89
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	3,000,000.00	-	-	-1,141,757.73
Shandong Chengyi Natural Gas Utilization Co., Ltd.	25,845,291.61	-	-	-6,819,761.91
Zibo Chengzhi Gas Co., Ltd.	1,888,943.49	-	-	-776,064.60
Zibo City Gas Co., Ltd.	103,304,844.15	-	-	16,337,395.71
Zibo China Resources Gas Co., Ltd.	205,405,380.45	-	-	5,495,004.17
Zibo Qiyuan Green Core Technology Co., Ltd.	8,559,681.24	-	-	-698,757.60
Zibo TELD New Energy Technology Co., Ltd.	13,973,439.38	6,300,000.00	-	409,986.84

Investment units	Opening balance (book value)	Increase/decrease in the current period		
		Additional investments	Reduction of investments	Investment gains and losses recognized under equity law
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	15,911,034.63	-	-	1,733,280.40
Zibo Banyang City Gas Co., Ltd.	16,033,486.10	-	-	3,809,726.28
Zibo Energy Conservation Investment Co., Ltd.	17,236,871.17	-	-	685,512.76
Shandong Yellow River Delta Gaoqing Black Cattle Investment Co., Ltd.	19,962,629.55	-	-	-290.64
Zibo High-Tech Venture Capital Co., Ltd.	35,787,071.67	7,051,360.00	-	-1,629,195.33
Haizhizao Internet of Things Technology Co., Ltd.	3,484,156.06	-	-	2,846,103.73
Zibo Jinhui Urban and Rural Construction Co., Ltd.	17,067,294.79	-	-	224,266.00
Chinalco Zibo Industrial Park Development Co., Ltd.	10,502,677.98	-	-	-2,279,972.77
Huantai County Jintai Financing Guarantee Co., Ltd.	47,073,179.32	-	-	608,708.30
Ningxia Shizuishan Qining Technology Development Co., Ltd.	3,971,197.78	-	-	-13,530.61
Zibo High-Tech Venture Capital Co., Ltd.	21,472,243.00	-	-	5,334,883.19
Zibo Xing Yue Property Services Co., Ltd.	-	300,000.00	-	
Total	4,135,628,674.83	13,651,360.00		128,110,677.77

Continued from the table above:

Investment units	Increase/decrease in the current period	Closing balance (book

	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Prepare for impairment.	Other	
Associates	-	-	-	-	-	-
Shandong Tianshuo Financing Guarantee Co., Ltd.	-	-	495,000.00	-	-	26,583,809.71
Qilu Equity Exchange Center Co., Ltd.	-	-	-	-	-	76,457,619.41
Qishang Bank Co., Ltd.	-28,502,486.26	-37,382,235.65	-	-	-	3,103,755,124.00
Zibo Xingang New Energy Co., Ltd.	-	-	-	-	-	10,786,333.42
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	-	-	-	-	-	15,952,644.97
Qixin Investment Management (Zibo) Co., Ltd.	-	-	-	-	-346,016,664.80	-
Shenzhen CIMC Intelligent Technology Co., Ltd.	-	-	-	-	-23,202,475.82	-
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	-	-	-	-	-	1,858,242.27
Shandong Chengyi Natural Gas Utilization Co., Ltd.	-	-	-	-	-	19,025,529.70
Zibo Chengzhi Gas Co., Ltd.	-	-	-	-	-	1,112,878.89
Zibo City Gas Co., Ltd.	-	-	4,000,000.00	-	-	115,642,239.86
Zibo China Resources Gas Co., Ltd.	-	-	-	-	-	210,900,384.62
Zibo Qiyuan Green Core Technology Co., Ltd.	-	-	-	-	-	7,860,923.64
Zibo TELD New Energy Technology Co., Ltd.	-	-	-	-	-	20,683,426.22
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	-	-	476,231.00	-	-	17,168,084.03

Investment units	Increase/decrease in the current period					Closing balance (book value)
	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Prepare for impairment.	Other	
Zibo Banyang City Gas Co., Ltd.	-	-	8,510,215.88	-	-	11,332,996.50
Zibo Energy Conservation Investment Co., Ltd.	-	-	-	-	-	17,922,383.93
Shandong Yellow River Delta Gaoqing Black Cattle Investment Co., Ltd.	-	-	-	-	-	19,962,338.91
Zibo High-Tech Venture Capital Co., Ltd.	-	-	-	-	-	41,209,236.34
Haizhizao Internet of Things Technology Co., Ltd.	-	-	-	-	-	6,330,259.79
Zibo Jinhui Urban and Rural Construction Co., Ltd.	-	-	-	-	-	17,291,560.79
Chinalco Zibo Industrial Park Development Co., Ltd.	-	-	-	-	-	8,222,705.21
Huantai County Jintai Financing Guarantee Co., Ltd.	-	-	-	-	-	47,681,887.62
Ningxia Shizuishan Qining Technology Development Co., Ltd.	-	-	-	-	-	3,957,667.17
Zibo High-Tech Venture Capital Co., Ltd.	-	-	-	-	-	26,807,126.19
Zibo Xing Yue Property Services Co., Ltd.	-	-	-	-	-	300,000.00
Total	-28,502,486.26	-37,382,235.65	13,481,446.88		-369,219,140.62	3,828,805,403.19

15. Other equity instrument investments

Item	Closing balance	Opening balance
Jinshi New Materials Industry Mother Fund (Zibo) Partnership (Limited Partnership)	4,479,478,902.27	5,175,769,977.87
Zibo Daode Equity Investment Fund Partnership (Limited Partnership)	950,940,600.00	1,129,007,453.62
Zibo Hengsong Youche Equity Investment Fund Partnership (Limited Partnership)	238,661,800.00	239,153,527.23
Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership)	2,085,644,800.00	1,979,618,063.39
Zibo Longmen Venture Capital Partnership (Partnership)	125,825,900.00	142,444,992.31
Zibo Hetai Equity Investment Partnership (Limited Partnership)	222,738,400.00	222,766,255.72
Zibo Qilu Cornerstone Venture Capital Partnership (Limited Partnership)	867,883,760.00	662,626,784.55
Lianneng Logistics Technology Co., Ltd.	81,158,500.00	76,304,146.57
Shandong Blue Star Zhiyun Equity Investment Partnership (Limited Partnership)	99,380,300.00	249,595,231.14
Zibo Zhongsheng Equity Investment Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	117,052,600.00	83,135,435.51
Zibo Yingke Qiyun Equity Investment Fund	146,616,000.00	170,084,989.76
Zibo Longmen Hongtai Industrial Investment Partnership (Limited Partnership)	83,940,400.00	136,043,590.84
Shandong Luxin Capital Market Development Equity Investment Fund Partnership (Limited Partnership)	26,046,400.00	87,951,731.02
Shandong Lushang Rural Revitalization Fund Partnership (Limited Partnership)	200,897,300.00	203,847,276.55
Zibo Qiheng Xiangsong Equity Investment Fund Partnership (Limited Partnership)	115,755,156.00	86,977,077.96
Shandong Financial Asset Management Co., Ltd.	446,300,600.00	469,006,458.00
Zibo Boshan Daode Equity Investment Fund Partnership (Limited Partnership)	15,233,500.00	11,198,321.25
Shandong Future Group Co., Ltd.	135,905,200.00	71,589,300.57
Lianneng Zero Carbon (Zibo) Equity Investment Fund Partnership (Limited Partnership)	494,078.12	494,078.12
Beijing Runxin Xincaizhi Venture Capital Fund Partnership (Limited Partnership)	80,713,600.00	69,572,071.76
Zibo Yingke Growth No.6 Venture Capital Fund	137,187,700.00	97,012,319.98
Zibo Runxin Dongyue New Materials Equity Investment Fund Partnership (Limited Partnership)	332,849,300.00	222,093,568.76
Yihyuan (Zibo) New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)	72,434,300.00	80,092,942.19
Zibo Zhongsheng Jiantou Equity Investment Fund Partnership (Limited Partnership)	23,072,400.00	25,994,417.68
Shandong Caijin Venture Capital Equity Investment Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	22,738,300.00	25,481,477.20

Item	Closing balance	Opening balance
Zibo Jianrui Venture Capital Center (Limited Partnership)	12,984,600.00	6,442,798.09
China Railway Shengxin (Qingdao) Equity Investment Enterprise (Limited Partnership)	54,874,500.00	129,369,724.17
Shandong Development Investment Holding Group Co., Ltd.	48,911,166.64	49,816,096.46
Zibo Luyu Green Equity Investment Partnership (Limited Partnership)	42,122,365.18	42,710,354.20
Zibo Shunnong Equity Investment Fund Partnership (Limited Partnership)	3,787,800.00	9,974,798.24
Zibo Yuntian Venture Capital Partnership (Limited Partnership)	6,365,900.00	6,903,981.57
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	7,001,300.00	11,247,957.52
Zibo Hengrui Shasha Equity Investment Fund Partnership (Limited Partnership)	57,019,100.00	27,949,126.00
Shanxi High-Tech Inclusive Tourism and Culture Development Co., Ltd.	-	241,102.08
Shandong New Kinetic Energy Fund Management Co., Ltd.	-	6,579,462.50
Zibo Zhongsheng Haichuan Equity Investment Fund Partnership (Limited Partnership)	7,692,600.00	7,572,368.09
Butian (Zibo) Equity Investment Fund Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	2,813,200.00	2,455,870.88
Zibo Huanuo Health Industry Equity Investment Partnership (Limited Partnership)	1,316,700.00	1,323,573.31
Henan Feiao Parking Equipment Technology Co., Ltd.	-	2,701,448.67
Zibo Zhongchuang Angel Investment Fund Partnership (Limited Partnership)	4,003,300.00	1,850,774.66
Zibo Chengyun New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Yiyuan Lijun Shuan Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Jinan Ruiwei Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Shenzhen Xinruanshi Information Technology Co., Ltd.	-	197,991.05
Shandong Xingquan Technology Co., Ltd.	16,992,100.00	9,895,940.58
Zibo Caijin Dingcheng Venture Capital Partnership (Limited Partnership)	1,012,500.00	1,000,000.00
Shandong Dongneng Jiahe Venture Capital Fund Partnership (Limited Partnership)	92,689,900.00	84,885,089.74
Shandong Shanneng New Materials Equity Investment Fund Partnership (Limited Partnership)	20,195,200.00	31,000,000.00
Shandong New Growth Support Industrial Investment Development Partnership (Limited Partnership)	1,012,000.00	-
Zibo Luqing New Growth Equity Investment Fund Partnership (Limited Partnership)	10,001,300.00	-
Jinan Dongneng Jiaxin Venture Capital Partnership (Limited Partnership)	49,552,600.00	-

Item	Closing balance	Opening balance
Zibo Caijin New Growth Low-Altitude Industry Equity Investment Fund Partnership (Limited Partnership)	6,000,000.00	-
Zibo Chengyun Inclusive Investment Development Partnership (Limited Partnership)	1,000,000.00	-
Shandong Zhixing Intelligent Embodiment Co., Ltd.	3,000,000.00	-
Junjuan Future (Shandong) Biomedical Co., Ltd.	2,000,000.00	-
Total	11,564,297,928.21	12,154,979,947.36

[Note] At the time of initial recognition, an enterprise designates the non-tradable equity instrument investment as a financial asset measured at fair value and its variations are accounted for in other combined proceeds and reported as an investment in other equity instruments. Reference is made to Shandong Zheng Yuan He Xin Zi Chan Ping Gu Co., Ltd. 's Routine Advisory Report (2026) No. 0012 Fair Value Valuation Report, Routine Advisory Report (2026) No. 0013 Fair Value Valuation Report, Routine Advisory Report (2026) No. 0014 Fair Value Valuation Report, Routine Advisory Report (2026) No. 0015 Fair Value Valuation Report, Routine Advisory Report (2026) No. 0016 Fair Value Valuation Report, Routine Advisory Report (2026) No.

16. Other non-current financial assets

Item	Closing balance	Opening
Zibo Xingang Fine Chemical Co., Ltd.	20,000,000.00	20,000,000.00
Huantai China Resources Gas Co., Ltd.	9,500,000.00	9,500,000.00
Zibo Jinjie Natural Gas Pipeline Transportation Service Co., Ltd.	2,972,973.00	2,972,973.00
Polestar Automotive Holding Co., Ltd.	93,276,086.12	140,613,569.42
Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd.	1,673,104,300.00	1,203,377,344.17
Shandong Enterprise Trusteeship Operation Co., Ltd.	5,202,621.13	5,202,621.13
Shandong Xinhua Health Industry Co., Ltd.	7,240,496.62	8,327,449.54
Shandong Yantai Tashan Enterprise Group Co., Ltd.	5,916,814.92	5,916,814.92
Shandong Guiyuan New Materials Co., Ltd.	3,098,690.00	6,610,140.74
Zibo Qimingxing New Materials Co., Ltd.	11,970,000.00	11,970,000.00
Digital Zibo Operation and Development Co., Ltd.	599,896,732.00	501,601,600.00

Item	Closing balance	Opening
Xiamen Hengkun New Materials Technology Co., Ltd.	795,326,933.76	348,379,565.77
AUBO (Beijing) Intelligent Technology Co., Ltd.	160,307,554.00	180,099,954.45
Zibo Anxin Financing Guarantee Co., Ltd.	15,793,553.00	16,662,573.00
Shandong Provincial Re-guarantee Group Co., Ltd.	362,399.00	4,951,659.00
Shandong Provincial Investment & Financing Guarantee Group Co., Ltd.	243,726,303.00	243,895,173.00
Categorized as financial assets measured at fair value and accounted for in current gains and losses	-	34,504,420.00
Total	3,647,695,456.55	2,744,585,858.14

[Note] Fair value is based on Shandong Zheng Yuan He Xin Zi Chan Ping Gu Co., Ltd.,
PRRAIS (2026) Fair Value Valuation Report No. 0005, PRESS (2026) No. 0012 and PRESS (2026)
No. 0015 Fair Value Valuation Report.

17. Investment properties

1. Details

Item	Building structure	and Land use right	Total
(1) Original book value			
1) Opening balance	70,468,956.14	1,938,940.00	72,407,896.14
2) Increases during the period	-	-	-
①Purchase	-	-	-
②Transfer from construction in progress	-	-	-
③Increase in business consolidation	-	-	-
④Other			
3) Decreases during the period			
①Disposal			
②Converted into fixed assets/intangible assets	6,965,529.62		6,965,529.62
4) Closing balance	63,503,426.52	1,938,940.00	65,442,366.52
(2) Accumulated depreciation and accumulated amortization			
1) Opening balance	11,805,981.30	727,627.62	12,533,608.92

Item	Building structure and	Land use right	Total
2) Increases during the period			
① Provision or amortization	418,851.06	60,591.84	479,442.90
② Increase in business consolidation			
3) Decreases during the period			
① Disposal	-	-	-
② Others	1,276,795.50		1,276,795.50
4) Closing balance	10,948,036.86	788,219.46	11,736,256.32
(3) Preparation for impairment			
1) Opening balance	-	-	-
2) Increase for the current period	-	-	-
① Provision	-	-	-
② Increased consolidation	-	-	-
3) Reductions in the current period	-	-	-
① Disposal	-	-	-
② Other transfers	-	-	-
4) Closing balance	-	-	-
(4) Book value			
1) Closing book value	52,555,389.66	1,150,720.54	53,706,110.20
2) Opening book value	58,662,974.84	1,211,312.38	59,874,287.22

18. Fixed assets

1. Details

Item	Closing balance	Opening balance
Fixed assets	5,376,590,196.90	6,247,762,161.40
Capital asset clean-up	399,096.47	69,993.87
Total	5,376,989,293.37	6,247,832,155.27

2. Fixed assets

(1) Details

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
(1) Original book value							
1) Opening balance	2,236,514,642.10	3,775,034,103.57	4,506,710,229.52	98,602,253.43	140,951,482.17	108,203,835.94	10,866,016,546.73
2) Increases during the period							
①Purchase	59,696,011.72	2,761,163.15	165,553,889.38	5,662,459.01	6,118,122.18	1,541,664.90	241,333,310.34
②Transferred from construction in progress	289,516.66	307,774,424.10	23,443,055.72		2,482,909.88	194,416.74	334,184,323.10
③Increase in business consolidation	23,055,051.81		927,562.30	3,617,484.69	2,044,805.11		29,644,903.91
④Other				160,707.96	3,776,238.32		3,936,946.28
3) Decreases during the period							
①Disposal or scrapping	9,016,836.27	6,168,826.38	244,302,842.83	4,127,147.50	28,953,801.54	997,359.50	293,566,814.02
②Other	460,115,753.67		396,913,181.96	6,666,028.52	631,290.35	60,753,911.98	925,080,166.48
4) Closing balance	1,850,422,632.35	4,079,400,864.44	4,055,418,712.13	97,249,729.07	125,788,465.77	48,188,646.10	10,256,469,049.86
(2) Accumulated depreciation							
1) Opening balance	637,163,104.91	1,765,614,711.28	1,996,427,034.21	73,731,636.40	78,657,117.70	62,441,210.74	4,614,034,815.24
2) Increases during the period							
①Provision	43,254,296.86	149,199,389.82	339,084,645.15	5,708,646.20	18,540,641.16	2,904,868.91	558,692,488.10

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
② Increase in business consolidation	11,815,183.91		882,198.30	2,505,581.64	1,927,236.86		17,130,200.71
③ Other							
3) Decrease in the current period							
① Disposal or scrapping	6,407,889.88	3,167,290.10	52,192,142.47	2,410,858.00	10,863,440.93	403,923.67	75,445,545.05
② Other	40,693,840.78	1,331,147.83	161,011,622.87	5,270,848.31	931,337.62	29,513,878.72	238,752,676.13
4) Closing balance	645,130,855.02	1,910,315,663.17	2,123,190,112.32	74,264,157.93	87,330,217.17	35,428,277.26	4,875,659,282.87
(3) Preparation for impairment							
2) Opening balance	811,161.82	3,408,408.27	-	-	-	-	4,219,570.09
3) Increase for the current period	-	-	-	-	-	-	-
① Provision	-	-	-	-	-	-	-
② Increased consolidation	-	-	-	-	-	-	-
4) Reductions in the current period	-	-	-	-	-	-	-
① Disposal	-	-	-	-	-	-	-
② Other transfers	-	-	-	-	-	-	-
4) Closing balance	811,161.82	3,408,408.27	-	-	-	-	4,219,570.09
(4) Book value							

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
1) Closing book value	1,204,480,615.51	2,165,676,793.00	1,932,228,599.81	22,985,571.14	38,458,248.60	12,760,368.84	5,376,590,196.90
2) Opening book value	1,598,540,375.37	2,006,010,984.02	2,510,283,195.31	24,870,617.03	62,294,364.47	45,762,625.20	6,247,762,161.40

(1) Fixed assets with no title certificate at the end of the period

Item	Book value	Reason for failure to complete title certificate
Good-faith gas house construction Objects	7,504,757.98	Processing
Yinhuang Real Estate	32,423,230.97	Processing
Et Yun Xiang Fu Hua Center	314,238,697.25	Processing
Heat Group - Fushan Station Plant	2,686,697.07	Processing
Ningxia Yun Xiang Ban Gong Chao Suan Center	210,130,777.14	Processing
Subtotal	566,984,160.41	-

19. Construction in progress

1. Details

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Construction in progress	1,462,361,785.83	22,420,197.99	1,439,941,587.84	1,573,268,036.50	-	1,573,268,036.50

2. Construction in progress

(1) Details

Items	Closing balance		
	Book balance	Impairment provision	Carrying amount
Heating works	82,928,844.67	-	82,928,844.67
Pipework	1,416,814.67	-	1,416,814.67
Water works	906,916,627.85	-	906,916,627.85
Pump station engineering	-	-	-
Pipework	164,801,858.41	-	164,801,858.41
Pipeline gas project	25,200,911.35	-	25,200,911.35
Plant works	18,926,729.15	-	18,926,729.15
IDC Da Data Center Er Qi Gong Cheng Data Center	137,538,735.20	-	137,538,735.20
IDC-Da Data CenterEr Qi Logistics Center project	33,751,845.93	-	33,751,845.93
Project for the construction of a digital workshop in the North Central High Zone	-	-	-
Project for the integration of the intellectual cloud chain at the edge of the Att cloud	82,420,197.99	22,420,197.99	60,000,000.00
Welding robot digital transformation project	-	-	-
Other sporadic projects	8,459,220.61	-	8,459,220.61
Subtotal	1,462,361,785.83	22,420,197.99	1,439,941,587.84

Continued from the table above:

Items	Opening balance		
	Book balance	Impairment provision	Carrying amount

Heating works	52,703,718.26	-	52,703,718.26
Pipework	909,863.03	-	909,863.03
Water works	866,168,321.84	-	866,168,321.84
Pump station engineering	192,903,693.75	-	192,903,693.75
Pipework	158,407,190.17	-	158,407,190.17
Pipeline gas project	28,823,596.49	-	28,823,596.49
Plant works	8,174,873.52	-	8,174,873.52
IDC Da Data Center Er Qi Gong Cheng Data Center	135,367,447.95	-	135,367,447.95
IDC-Da Data CenterEr Qi Logistics Center project	26,600,301.18	-	26,600,301.18
Project for the construction of a digital workshop in the North Central High Zone	39,065,099.76	-	39,065,099.76
Project for the integration of the intellectual cloud chain at the edge of the Att cloud	24,025,266.35	-	24,025,266.35
Welding robot digital transformation project	33,261,385.42	-	33,261,385.42
Other sporadic projects	6,857,278.78	-	6,857,278.78
Subtotal	1,573,268,036.50	-	1,573,268,036.50

(2) Details of increases and decreases in construction in progress

Items	Opening balance	Increase for the period	Transfer to fixed asset for the period	Other reductions in this period	Closing balance
Heating works	52,703,718.26	105,540,985.26	18,905,118.55	56,410,740.30	82,928,844.67
Pipework	909,863.03	1,970,089.59	955,889.52	507,248.43	1,416,814.67
Water works	866,168,321.84	74,351,069.27	268,581,476.94	9,829,681.84	662,108,232.33
Pump station engineering	192,903,693.75	51,904,701.77	-	-	244,808,395.52
Pipework	158,407,190.17	67,066,866.65	39,318,619.69	21,353,578.72	164,801,858.41
Pipeline gas project	28,823,596.49	8,161,686.87	4,586,880.55	7,197,491.46	25,200,911.35
Plant works	8,174,873.52	10,751,855.63	-	-	18,926,729.15
IDC Da Data Center Er Qi Gong Cheng Data Center	135,367,447.95	2,171,287.25	-	-	137,538,735.20
IDC-Da Data CenterEr Qi Logistics Center project	26,600,301.18	7,151,544.75	-	-	33,751,845.93
Project for the construction of a digital workshop in the North Central High Zone	39,065,099.76	-	-	39,065,099.76	-

Project for the integration of the intellectual cloud chain at the edge of the Att cloud	24,025,266.35	58,394,931.64	-	-	82,420,197.99
Welding robot digital transformation project	33,261,385.42	-	-	33,261,385.42	-
Other sporadic projects	6,857,278.78	7,355,475.09	1,836,337.85	3,917,195.41	8,459,220.61
Subtotal	1,573,268,036.50	394,820,493.77	334,184,323.10	171,542,421.34	1,462,361,785.83

(3) At the end of the period, there were no significant signs of impairment in construction in progress and therefore no allowance was made for impairment.

20. Right-of-use assets

Item	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Lease	Other	Disposal	Other	
(1) Original book value						
Houses and buildings	22,466,900.21	3,014,129.03		8,793,608.16	6,001,629.36	10,685,791.72
Transport	160,871,628.67				160,871,628.67	-
Subtotal	183,338,528.88	3,014,129.03		8,793,608.16	166,873,258.03	10,685,791.72
(2) Accumulated depreciation						
Houses and buildings	11,232,826.45	2,627,839.00		9,349,369.44	1,372,658.44	3,138,637.57
Transport	2,896,960.78			2,896,960.78		
Subtotal	14,129,787.23	2,627,839.00		12,246,330.22	1,372,658.44	3,138,637.57
(3) Book value						
Houses and buildings	11,234,073.76	-	-	-	-	7,547,154.15
Transport	157,974,667.89	-	-	-	-	-
Subtotal	169,208,741.65	-	-	-	-	7,547,154.15

21. Intangible assets

1. Details

Item	Land tenure	Non-proprietary	Software access rights	Trademark rights	Other	Total
(1) Original book value						
1) Opening balance	2,694,969,896.80	-	67,261,278.96	-	110,351,829.46	2,872,583,005.22
2) Added this period						
①Purchase	66,328,110.58		31,033,788.42			97,361,899.00
②Transferred from construction in progress						
③Increase in business consolidation						
3) Decrease in the current period						
①Disposal	10,405,420.95		313,244.94			10,718,665.89
②Other	111,453,737.11		5,603,570.38		25,717,866.51	142,775,174.00
4) Closing balance	2,639,438,849.32		92,378,252.06		84,633,962.95	2,816,451,064.33
(2) Cumulative amortization						
1) Opening balance	616,536,039.62	-	43,471,015.43	-	60,089,045.29	720,096,100.34
2) Added this period						
①provision	72,930,492.20		4,560,249.12		3,648,353.68	81,139,095.00

Item	Land tenure	Non-proprietary	Software access rights	Trademark rights	Other	Total
②Increase in business consolidation	164,301.24		10,693.80			174,995.04
3) Decrease in the current period						
① Disposal	-	-	899,480.35	-	-	-
②Other	22,102,036.72		4,503,751.08		14,861,176.12	41,466,963.92
4) Closing balance	667,528,796.34		42,638,726.92		49,775,703.20	759,943,226.46
(3)Preparation for impairment						
1) Opening balance	-	-	-	-	-	-
2) Increase for the current period	-	-	-	-	-	-
3) Reductions in the current period	-	-	-	-	-	-
4) Closing balance	-	-	-	-	-	-
(4) Book value						
1) Closing book value	1, 971, 910, 052. 98		49, 739, 525. 14		34, 858, 259. 75	2, 056, 507, 837. 87
2) Opening book value	2, 078, 433, 857. 18	-	23, 790, 263. 53	-	50, 262, 784. 17	2, 152, 486, 904. 88

2. Intangible assets for which title certificates were not completed at the end of the period

Item	Book value	Reason for failure to complete title certificate
Green and gas.	765,000.12	Processing

22. Development expenditure

Item	Closing balance	Opening balance
R&D of New Generation Smart Logistics Platform (OMH-SLP)	-	451,498.66

23. Goodwill

1. Book value

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Enterprise formation	Other	Disposal	Other	
Zibo Qicheng Industry & Trade Co., Ltd.	16,046,825.46	-	-	-	-	16,046,825.46
Qixin Private Fund Management (Zibo) Co., Ltd.	981,866.78	-	-	-	-	981,866.78
Shandong Qisheng Futures Co., Ltd.	165,815,120.66	-	-	-	-	165,815,120.66
Shandong Aite Yunxiang Information Technology Co., Ltd.	350,336,094.93	-	-	-	-	350,336,094.93
Dongjie Intelligent Technology Group Co., Ltd.	1,037,368,082.22	-	-	-	1,037,368,082.22	-
Dongjie Haiden (Changzhou) Technology Co., Ltd.	288,832,665.62	-	-	-	288,832,665.62	-
Total	1,859,380,655.67	-	-	-	1,326,200,747.84	533,179,907.83

2. Preparation for goodwill impairment

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Planning	Other	Disposal	Other	

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Planning	Other	Disposal	Other	
Dongjie Haiden (Changzhou) Technology Co., Ltd.	127,540,430.03	-	-	-	127,540,430.03	-

[Note] Fair value of goodwill is referred to in Shandong Zheng Yuan He Xin Zi Chan Ping Gu Co., Ltd.'s U.S.S. (2026) goodwill impairment test report No. 0018.

24. Long-term deferred expenses

Item	Opening balance	Increase for the current period	Amortization during the period	Other reductions	Closing balance	Other causes of reduction
Pipeline cathode protection fee	514,634.18		88,222.92		426,411.26	-
Renovation of office buildings	22,201,730.26	1,140,902.79	1,319,630.85	17,687,489.85	4,335,512.35	-
Engineering alteration and maintenance	1,090,639.67		159,461.86		931,177.81	-
Maintenance and strengthening of aircraft rooms	8,428,406.54		2,362,178.91		6,066,227.63	-
Co-building project for the cultural base of the Zibo Yellow River	654,000.00		109,000.00		545,000.00	-
IDC project	6,828,001.82	17,525,905.66	7,126,420.91		17,227,486.57	-
Financial lease charges	25,113,788.12		6,146,679.29		18,967,108.83	-
Rental costs	157,074.68	366,972.48	321,100.92		202,946.24	-
Domestic installation costs for gas support		1,937,106.91			1,937,106.91	
China Bok Hwa displays soft clothes for innovation centres		11,824,135.12	1,182,413.51		10,641,721.61	
Other sporadic costs	2,375,012.57	1,774,561.59	668,610.15	384,026.76	3,096,937.25	-
Total	67,363,287.84	34,569,584.55	19,483,719.32	18,071,516.61	64,377,636.46	-

25. Deferred income tax assets/deferred income tax liabilities

1. Deferred income tax assets before offsetting

Item	Closing balance		Opening balance	
	Impairable temporary differences	Deferred income tax assets	Impairable temporary differences	Deferred income tax assets
Preparation for impairment of assets	507,680,095.92	116,010,630.43	936,149,296.92	182,852,338.41
Assessment of consolidated assets of a non-same controlled enterprise Value	12,001,706.33	1,800,255.95	11,924,818.92	2,981,204.73
Uncumbered losses	2,497,465.16	624,366.29	194,758,330.88	36,331,798.98
Transactional financial assets	11,137,943.60	2,784,485.90	9,321,117.26	2,317,805.36
Adjustment to lease liability	5,776,065.33	1,444,016.33	5,365,576.58	1,341,306.77
Product quality assurance	-	-	10,240,258.30	1,618,915.18
Total	539,093,276.34	122,663,754.90	1,167,759,398.86	227,443,369.43

2. Deferred Tax Liabilities Before Offsetting

Item	Closing balance		Opening balance	
	Impairable temporary differences	Deferred income tax assets	Impairable temporary differences	Deferred income tax assets
Change (increase) in fair value of financial assets	6,916,123,737.83	1,729,030,384.46	6,650,096,095.44	1,608,974,234.50
Value added assessed for consolidated assets of a non-same controlled enterprise	28,751,767.08	7,187,941.77	37,830,906.44	9,457,726.61
Investment real estate valuation value added	2,793,934.00	698,483.50	2,793,934.00	698,483.50
Depreciation of right-of-use assets	4,588,704.03	1,147,176.01	10,282,528.92	2,570,632.23
Total	6,952,258,142.94	1,738,063,985.74	6,701,003,464.80	1,621,701,076.84

26. Other non-current assets

Category	Closing balance	Opening balance
Advances for engineering equipment	74,330,646.29	140,718,428.20
Deposit	359,597,808.22	57,392,500.00
Other	56,050,446.93	29,660,550.98

Category	Closing balance	Opening balance
Total	489,978,901.44	227,771,479.18

27. Short-term borrowing

Type of borrowing	Closing balance	Opening balance
Loans pledged	700,000.00	115,000,000.00
Mortgage borrowing	29,300,000.00	151,300,000.00
Guaranteed borrowing	1,887,500,000.00	1,969,727,000.00
Credit borrowing	1,300,461,310.76	1,162,095,852.11
Mortgage + credit lending	-	10,000,000.00
Accrued Interest	5,073,866.67	3,607,004.30
Total	3,223,035,177.43	3,411,729,856.41

28. Notes payable

Item	Closing balance	Opening balance
Bank statements	291,214,497.55	193,890,972.25
Commercial notes	116,645,771.10	36,408,999.31
Total	407,860,268.65	230,299,971.56

29. Accounts payable

1. Details

Ageing	Closing balance	Opening balance
Within 1 year	436,655,020.94	1,101,949,197.74
1-2 years	188,832,662.88	346,445,790.68
2-3 years	71,183,427.03	106,474,653.59
More than 3 years	173,425,669.90	219,688,834.54
Total	870,096,780.75	1,774,558,476.55

2. Description of significant accounts payable older than 1 year

Name of entity	Closing balance	Reasons for outstanding or not carried forward
Shandong Provincial South-to-North Water Diversion Project Construction Administration Bureau	42,515,627.79	Business not completed
Zhongling Construction Group Co., Ltd.	38,993,273.50	Business not completed
Shandong Yuwang Pipe Industry Co., Ltd.	21,426,644.67	Business not completed
Shandong Zhongbo Smart City Technology Co., Ltd.	20,250,000.00	Business not completed
Shandong Guangzhi Construction Co., Ltd.	13,229,076.01	Business not completed
Subtotal	136,414,621.97	

3. As at the end of the reporting period, the aggregate balance of the top five accounts payable suppliers amounted to RMB 170,892,795.65.

30. Advance receipts

Item	Closing balance	Opening balance
Within 1 year	586,494.35	-

31. Contract liabilities

Item	Closing balance	Opening balance
Contractual liabilities related to product sales	2,003,211,769.55	1,999,785,591.82

32. Employee compensation payable

1. Details

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Short-term remuneration	129,755,793.73	975,834,256.13	978,514,936.17	127,075,113.69
(2)Post-employment benefit plan – defined contribution scheme	4,096,680.99	126,635,987.25	129,917,942.99	814,725.25
(3)Termination benefits	1,207,741.35	21,600.00	1,229,341.35	-
(4)Other benefits due within one year	135,060,216.07	1,102,491,843.38	1,109,662,220.51	127,889,838.94

2. Short-term remuneration

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Salaries, bonuses, allowance and subsidies	109,529,476.60	811,622,248.10	809,927,607.85	111,224,116.85

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(2)Staff welfare	4,070,561.12	32,538,984.28	33,073,710.40	3,535,835.00
(3)Social insurance premium	2,231,643.40	53,716,665.70	55,632,031.00	316,278.10
Including: Medical insurance premium	2,035,680.40	48,194,124.11	49,939,720.66	290,083.85
Work-related injury insurance premium	182,158.21	3,188,463.62	3,344,427.58	26,194.25
Maternity insurance premium	13,804.79	2,334,077.97	2,347,882.76	-
(4)Housing provident funds	3,505,782.36	66,811,592.43	69,702,848.88	614,525.91
(5)Union funds and workers' education	10,418,330.25	10,866,944.03	9,900,916.45	11,384,357.83
(6)Other short-term remuneration	-	277,821.59	277,821.59	-
Subtotal	129,755,793.73	975,834,256.13	978,514,936.17	127,075,113.69

3. Establishment of a savings plan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Basic pension insurance	3,924,138.22	97,493,283.36	100,833,785.47	583,636.11
(2)Unemployment insurance	171,902.77	4,005,389.29	4,141,610.88	35,681.18
(3)Contributions to the Enterprise 's Annual Pension	640.00	25,137,314.60	24,942,546.64	195,407.96
Subtotal	4,096,680.99	126,635,987.25	129,917,942.99	814,725.25

33. Taxes and surcharges payable

Items	Closing balance	Opening balance
Value added tax	33,492,408.48	43,029,041.03
Corporate income tax	57,920,406.25	74,124,236.56
Personal income tax	1,841,099.60	2,447,902.54
Urban maintenance tax	1,861,236.82	2,557,176.19
Property tax	3,228,913.99	2,326,820.72
Education surcharge	1,056,002.09	1,556,498.52
Land use tax	20,357,422.34	16,936,218.47
Stamp tax	1,272,259.73	1,510,850.65
Resource tax	26,007,806.30	27,236,520.01
Other taxes	9,544.00	89,854.22

Total	147,047,099.60	171,815,118.91

34. Other payable

1. Details

Items	Closing balance	Opening balance
Interest payable	-	-
Payable to dividends	66,012,000.00	80,112,000.00
Other payable	3,830,527,226.56	4,741,008,017.19
Total	3,896,539,226.56	4,821,120,017.19

Payable to dividends

Items	Closing balance	Opening balance
General dividends	66,012,000.00	80,112,000.00

Other payable

(1) Details

Items	Closing balance	Opening balance
Investment	426,853,555.83	225,718,555.83
Advance costs	302,900,035.19	302,400,390.06
Transactions	2,872,210,246.02	3,350,257,450.94
Borrowing	-	328,036,496.31
Other	228,563,389.52	534,595,124.05
Subtotal	3,830,527,226.56	4,741,008,017.19

(2) At the end of the period, the first five other accounts payables totalled \$2,155,827,157.69.

35. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowing due within one year	882,442,431.78	839,170,213.86
Bonds due within one year	2,749,447,889.84	1,209,550,883.89
Long-term accounts payable within one year	922,497,692.49	306,389,513.46
Lease liability due within one year	963,114.73	36,982,876.01

Items	Closing balance	Opening balance
Total	4,555,351,128.84	2,392,093,487.22

36. Other current liabilities

Items	Closing balance	Opening balance
Taxable — duty to be transferred	163,689,903.45	200,568,257.12
Reserve for liability not due	17,264,768.42	18,867,320.90
Reserve for guaranteed compensation (reserve pending)	68,297,272.93	61,324,738.86
Currency deposit payable	5,806,100,407.60	3,950,278,933.65
Bonds payable	358,632,600.00	212,523,264.00
Futures risk reserve	48,600,491.00	45,655,722.38
Futures Investor Guarantee Fund payable	266,511.53	245,378.96
Other	7,397,071.31	44,167,290.41
Total	6,470,249,026.24	4,533,630,906.28

37. Long-term borrowing

Items	Closing balance	Opening balance
Loans pledged	374,900,000.00	565,900,000.00
Mortgage borrowing	840,230,000.00	153,650,041.67
Guaranteed borrowing	2,341,651,200.21	2,984,635,360.13
Credit lending	179,175,442.65	178,873,600.00
Pledge + Guaranteed Borrowing	20,577,602.51	22,101,869.37
Mortgage + Guaranteed borrowing	-	344,000,000.00
Taking interest	66,701,353.04	49,479,065.33
Less: Long-term borrowings due within one year	882,442,431.78	839,170,213.86
Total	2,940,793,166.63	3,459,469,722.64

38. Bonds payable

1. Details

Items	Closing balance	Opening balance
Bond amount	12,763,422,585.43	12,578,006,656.58
Less: Bonds payable due within one year	2,749,447,889.84	1,209,550,883.89
Total	10,013,974,695.59	11,368,455,772.69

2. Changes in increases or decreases in bonds payable (excluding other financial instruments, such as preferential shares of financial liabilities, sustainable debt sustainability)

Bond type	Duration	Date of issue	Total nominal value	Opening balance	Amount due within one year	Opening bond principal balance (inclusive of maturity of 1 year)	Amortization of premiums
20 Zi Jin 02 [Note 1]	5 years	2020/11/3	1,200,000,000.00	-	1,209,550,883.89	1,200,000,000.00	1,508,842.14
22 Zi Jin 01 [Note 2]	3+2 years	2022/4/27	700,000,000.00	717,837,478.65		700,000,000.00	1,234,740.53
22 Zi Jin 02 [Note 2]	3+2 years	2022/6/15	800,000,000.00	814,868,352.21		800,000,000.00	1,531,428.61
23 Zi Jin 01 [Note 3]	3 years	2023/2/17	1,000,000,000.00	1,040,619,985.52		1,000,000,000.00	943,596.33
23 Zibo Finance Holdings PPN 001 [Note 4]	3 years	2023/5/9	500,000,000.00	517,180,324.94		500,000,000.00	443,687.04
23 Zibo Finance Holdings PPN 002 [Note 4]	3 years	2023/9/7	600,000,000.00	608,818,135.62		600,000,000.00	242,382.54
23 Zibo Finance Holdings 3.7% Credit-Enhanced RMB Bonds [Note 5]	3 years	2023/9/20	580,000,000.00	575,411,855.11		580,000,000.00	5,905,662.74
23 Zi Jin 02 Bonds (RMB 1.0 billion) [Note 3]	5 years	2023/11/14	1,000,000,000.00	1,002,667,135.80		1,000,000,000.00	2,097,247.76
23 Zi Jin 02 Bonds (RMB 1.0 billion)	5 years	2025/11/14	27,000,000.00	-		-	-42,763.97
23 Zi Jin Bonds (RMB 1.05 billion) [Note 6]	7 years	2023/12/7	1,050,000,000.00	1,047,641,337.62		1,050,000,000.00	990,124.63
23 Zi Jin K1 (RMB 1.0 billion) [Note 7]	5 years	2023/12/27	1,000,000,000.00	998,390,355.24		1,000,000,000.00	513,167.66
24 Zi Jin K1 Bonds (RMB 0.5 billion) [Note 8]	5 years	2024/3/20	500,000,000.00	513,361,426.90		500,000,000.00	426,181.57
24 Zibo Finance Holdings PPN 001 [Note 9]	3+2 years	2024/4/23	500,000,000.00	510,067,933.13		500,000,000.00	259,857.61

Bond type	Duration	Date of issue	Total nominal value	Opening balance	Amount due within one year	Opening bond principal balance (inclusive of maturity of 1 year)	Amortization of premiums
24 Zibo Finance Holdings MTN 001 [Note 10]	5 years	2024/8/22	500,000,000.00	503,314,075.03		500,000,000.00	442,474.20
24 Zibo Finance Holdings MTN 002 [Note 10]	3 years	2024/10/14	1,000,000,000.00	1,003,680,448.72		1,000,000,000.00	1,172,555.24
24 Zibo Finance Holdings MTN 003 [Note 10]	3 years	2024/11/4	500,000,000.00	501,253,348.87		500,000,000.00	446,439.99
24 Zibo Finance Holdings PPN 002 [Note 9]	3 years	2024/12/11	500,000,000.00	498,992,943.75		500,000,000.00	578,057.05
25 Zi Jin 01 [Note 11]	5 years	2025/4/3	700,000,000.00	-		-	-2,259,271.73
25 Zi Jin 03 [Note 12]	5 years	2025/5/28	800,000,000.00	-		-	-2,673,409.24
25 Zi Jin 05 [Note 14]	5 years	2025/10/13	500,000,000.00	-		-	-1,814,188.15
25 Zi Jin 06 [Note 15]	3 years	2025/10/13	900,000,000.00	-		-	-1,906,612.38
25 Zi Jin 07 [Note 16]	5 years	2025/10/31	700,000,000.00	-		-	-2,566,032.59
25 Zi Jin 08 [Note 17]	3 years	2025/10/31	773,000,000.00	-		-	-1,666,551.69
Convertible Bonds [Note 13]	6 years	2022/10/14	570,000,000.00	514,350,635.58		-	-
Total			16,900,000,000.00	11,368,455,772.69	1,209,550,883.89	11,930,000,000.00	5,807,615.89

Continued from the table above:

Bond type	Issued during the period	Current period reimbursement	Accrued interest for the current period	Amount due within one year	Bond principal balance	Closing balance
20 Zi Jin 02 [Note 1]	-	1,269,600,000.00	58,540,273.97	-	-	-
22 Zi Jin 01 [Note 2]	-	728,070,000.00	8,997,780.82	-	-	-
22 Zi Jin 02 [Note 2]	-	830,080,000.00	13,680,219.18	-	-	-
23 Zi Jin 01 [Note 3]	-	48,000,000.00	48,000,000.00	1,041,563,581.85	-	-
23 Zibo Finance Holdings PPN 001 [Note 4]	-	27,500,000.00	27,500,000.00	517,624,011.98	-	-
23 Zibo Finance Holdings PPN 002 [Note 4]	-	29,280,000.00	29,280,000.00	609,060,518.16	-	-
23 Zibo Finance Holdings 3.7% Credit-Enhanced RMB Bonds [Note 5]	-	21,577,740.00	21,460,000.00	581,199,777.85	-	-
23 Zi Jin 02 Bonds (RMB 1.0 billion) [Note 3]	-	1,037,000,000.00	32,235,616.44	-	-	-
23 Zi Jin 02 Bonds (RMB 1.0 billion)	27,000,000.00	-	65,877.05	-	27,000,000.00	27,023,113.08
23 Zi Jin Bonds (RMB 1.05 billion) [Note 6]	-	53,760,000.00	53,760,000.00	-	1,050,000,000.00	1,048,631,462.25
23 Zi Jin K1 (RMB 1.0 billion) [Note 7]	-	40,000,000.00	40,000,000.00	-	1,000,000,000.00	998,903,522.90
24 Zi Jin K1 Bonds (RMB 0.5 billion) [Note 8]	-	19,400,000.00	19,400,000.00	-	500,000,000.00	513,787,608.47
24 Zibo Finance Holdings PPN 001 [Note 9]	-	16,250,000.00	16,250,000.00	-	500,000,000.00	510,327,790.74

Bond type	Issued during the period	Current period reimbursement	Accrued interest for the current period	Amount due within one year	Bond principal balance	Closing balance
24 Zibo Finance Holdings MTN 001 [Note 10]	-	15,000,000.00	15,000,000.00	-	500,000,000.00	503,756,549.23
24 Zibo Finance Holdings MTN 002 [Note 10]	-	32,600,000.00	32,600,000.00	-	1,000,000,000.00	1,004,853,003.96
24 Zibo Finance Holdings MTN 003 [Note 10]	-	16,200,000.00	16,200,000.00	-	500,000,000.00	501,699,788.86
24 Zibo Finance Holdings PPN 002 [Note 9]	-	13,550,000.00	13,550,000.00	-	500,000,000.00	499,571,000.80
25 Zi Jin 01 [Note 11]	700,000,000.00	-	16,118,794.52	-	700,000,000.00	713,859,522.79
25 Zi Jin 03 [Note 12]	800,000,000.00	-	14,030,684.93	-	800,000,000.00	811,357,275.69
25 Zi Jin 05 [Note 14]	500,000,000.00	-	3,235,753.42	-	500,000,000.00	501,421,565.27
25 Zi Jin 06 [Note 15]	900,000,000.00	-	5,259,452.05	-	900,000,000.00	903,352,839.67
25 Zi Jin 07 [Note 16]	700,000,000.00	-	3,380,904.11	-	700,000,000.00	700,814,871.52
25 Zi Jin 08 [Note 17]	773,000,000.00	-	3,281,332.05	-	773,000,000.00	774,614,780.36
Convertible Bonds [Note 13]	-	514,350,635.58	-	-	-	-
Total	4,400,000,000.00	4,712,218,375.58	491,826,688.54	2,749,447,889.84	9,950,000,000.00	10,013,974,695.59

[Note 1]In accordance with the No-objection Letter on Compliance of Zibo Finance Holdings Group Co., Ltd. 2020 Private Placement Corporate Bonds with Transfer Conditions of the Shenzhen Stock Exchange (SZSE Letter (2020) No.837), the Company privately placed corporate bonds of RMB 1.2 billion on 3 November 2020, with bond short name 20 Zi Jin 02, bond code 114843.SZ, a nominal annual interest rate of 5.8% and a maturity term of 5 years.

[Note 2]The Company privately placed Phase I 2022 Corporate Bonds of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.7 billion on 27 April 2022, with a nominal annual interest rate of 4.01% and a maturity term of 5 years.

The Company further privately placed Phase II 2022 Corporate Bonds of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.8 billion on 15 June 2022, with a nominal annual interest rate of 3.76% and a maturity term of 5 years.

[Note 3]The Company privately placed Phase I 2020 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 1.0 billion on 23 February 2023, with a nominal annual interest rate of 4.80% and a maturity term of 3 years.

The Company privately placed Phase II 2023 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 1.0 billion on 17 November 2023, with a nominal annual interest rate of 3.70% and a maturity term of 5 years.

[Note 4]The Company issued Phase I 2023 Private Placement Notes (Sci-tech Notes) of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 10 May 2023, with a nominal annual interest rate of 5.50% and a maturity term of 3 years.

The Company issued Phase II 2023 Private Placement Notes (Sci-tech Notes) of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.6 billion on 8 September 2023, with a nominal annual interest rate of 4.88% and a maturity term of 3 years.

[Note 5]The Company issued Zibo Finance Holdings Group Co., Ltd. 3.7% Credit-Enhanced RMB Bonds 20220920 on 21 September 2023, with an issuance size of RMB 0.58 billion, a nominal annual interest rate of 3.70% and a maturity term of 3 years.

[Note 6]The Company publicly offered 2023 Enterprise Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 1.05 billion on 12 December 2023, with a nominal annual interest rate of 5.12% and a maturity term of 7 years.

[Note 7]The Company privately placed Phase I 2023 Sci-tech Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 1.0 billion on 3 January 2024, with a nominal annual interest rate of 4.00% and a maturity term of 5 years.

[Note 8]The Company privately placed Phase I 2024 Sci-tech Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 25 March 2024, with a nominal annual interest rate of 3.88% and a maturity term of 5 years.

[Note 9]The Company issued Phase I 2024 Private Placement Notes of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 24 April 2024, with a nominal annual interest rate of 3.25% and a maturity term of 5 years.

The Company issued Phase II 2024 Private Placement Notes of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 12 December 2024, with a nominal annual interest rate of 2.71% and a maturity term of 3 years.

[Note 10]The Company issued Phase I 2024 Medium-term Notes of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 23 August 2024, with a nominal annual interest rate of 3.00% and a maturity term of 5 years.

The Company issued Phase II 2024 Medium-term Notes of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 1.0 billion on 15 October 2024, with a nominal annual interest rate of 3.26% and a maturity term of 3 years.

The Company issued Phase III 2024 Medium-term Notes of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 5 November 2024, with a nominal annual interest rate of 3.24% and a maturity term of 3 years.

[Note 11]The Company issued Phase I 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.7 billion on 3 April 2025, with a nominal annual interest rate of 3.09% and a maturity term of 5 years.

[Note 12]The Company issued Phase II 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.8 billion on 28 May 2025, with a nominal annual interest rate of 2.95% and a maturity term of 5 years.

[Note 13]The conversion period of the convertible corporate bonds issued this time commences on the first trading day falling six full months after the closing date of the convertible bond issuance (20 October 2022, T+4 day), i.e., 20 April 2023, and expires on the maturity date of the convertible

corporate bonds (13 October 2028). If the maturity date falls on a statutory holiday or rest day, it shall be deferred to the next working day, and no additional interest shall accrue during the deferral period.

Bondholders have the right to elect whether to convert their bonds into shares or not, and shall become shareholders of the Company on the trading day immediately following the date of conversion.

[Note 14]The Company issued 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.5 billion on 13 October 2025, with a nominal annual interest rate of 2.99% and a maturity term of 5 years.

[Note 15]The Company issued 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.9 billion on 13 October 2025, with a nominal annual interest rate of 2.7% and a maturity term of 3 years.

[Note 16]The Company issued 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.7 billion on 31 October 2025, with a nominal annual interest rate of 2.89% and a maturity term of 5 years.

[Note 17]The Company issued 2025 Corporate Bonds offered to professional investors of Zibo Finance Holdings Group Co., Ltd. in the principal amount of RMB 0.773 billion on 31 October 2025, with a nominal annual interest rate of 2.54% and a maturity term of 3 years.

39. Lease liability

Items	Closing balance	Opening balance
Lease liability	11,348,311.14	124,917,746.51
Less: lease liability due within one year	963,114.73	-
Total	10,385,196.41	124,917,746.51

40. Long-term payable

Items	Closing balance	Opening balance
Long-term borrowing by non-financial institutions	1,700,462,399.95	1,261,575,027.00
Other long-term payable	480,145,437.47	810,248,785.21
Less: Long-term payable due within one year	922,497,692.49	306,389,513.46
Total	1,258,110,144.93	1,765,434,298.75

41. Accrued liabilities

Items	Closing balance	Opening balance
Pending proceedings	9,471,296.65	3,796.67

42. Deferred income

Items	Opening balance	Increase for the current period	Reduction during the period	Closing balance	Causes
Government grants	476,100,619.48	133,864,571.71	147,769,490.87	462,195,700.32	Assets-related
Government grants	583,333.33	-	-	583,333.33	Income-related
Total	476,683,952.81	133,864,571.71	147,769,490.87	462,779,033.65	-

43. Other non-current liabilities

Items	Closing balance	Opening balance
Shandong Sheng Xin Dong Neng Tou Zi Guan Li Co., Ltd.	800,000,000.00	800,000,000.00
Shandong Sheng Cai Jin Xin Rong Tou Zi Kong Gu Co., Ltd.	650,000,000.00	650,000,000.00
Shandong Sheng Xin Dong Neng Pu Hui Jin Rong Fu Wu Co., Ltd.	50,000,000.00	50,000,000.00
Undue interest	3,737,500.01	4,812,500.00
Total	1,503,737,500.01	1,504,812,500.00

44. Paid-in capital

Shareholders	Opening balance	Opening Contribution Ratio (%)	Increase in the current period	Decrease in the current period	Closing balance	Closing Contribution Ratio (%)
Zibo Municipal Finance Bureau	2,375,021,472.87	100.00	853,000,000.00	-	3,228,021,472.87	100.00

45. Other equity instruments

Item	Closing balance	Opening balance
Equity component of convertible bonds	-	23,548,737.74
Perpetual bonds	798,150,943.40	-

Total	798,150,943.40	23,548,737.74

46. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other capital reserve	9,804,067,254.37	-	454,471,504.72	9,349,595,749.65

47. Other comprehensive income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other comprehensive income	4,700,754,414.13	-	370,984,017.14	4,329,770,396.99

48. Special reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safe Production Costs	56,444,507.49	24,487,892.99	15,343,082.10	65,589,318.38

49. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Surplus reserve	7,544,576.74	-	-	7,544,576.74

50. General risk provision

Item	Closing balance	Opening balance
General risk provision	41,073,794.14	27,002,602.76

51. Undistributed profits

Items	Current period amount	Prior period amount
Retained earnings at the end of the previous year	-831,070,097.21	-868,381,771.08
Plus: The adjustment amount of Retained earnings at the beginning of current period	-	-
Retained earnings at the beginning of the period after adjustment	-831,070,097.21	-868,381,771.08
Plus: Net profit attributable to shareholders of the parent company during current period	480,818,643.28	88,353,372.76

Items	Current period amount	Prior period amount
Defined benefit plan changes carried forward to retained earnings	146,433,188.93	
Other transfer	-36,703,265.57	-40,592,315.89
Less: Appropriation to statutory surplus reserve	14,071,191.38	5,387,154.39
Declaration of dividends on ordinary shares	6,411,216.14	5,062,228.61
Retained earnings at the end of period	-261,003,938.09	-831,070,097.21

52. Operating revenue and costs

Item	Current period amount		Prior period amount	
	Revenue	Costs	Revenue	Costs
Major business	9,690,828,132.14	7,979,304,209.44	9,935,553,943.24	8,285,199,740.78
Other business	54,903,048.60	16,053,680.01	220,471,282.88	48,233,942.25
Total	9,745,731,180.74	7,995,357,889.45	10,156,025,226.12	8,333,433,683.03

53. Change in insurance contract reserves, net

Item	Current period amount	Prior period amount
Net reserve for insurance liability	18,657,223.37	10,889,247.05

54. Taxes and surcharges

Item	Current period amount	Prior period amount
Urban maintenance tax	9,044,007.69	8,577,215.41
Education surcharge	6,716,077.59	6,122,413.76
Property tax	13,999,898.74	11,740,848.48
Land use tax	13,475,007.02	11,971,901.09
Stamp tax	5,547,992.00	5,458,090.97
Tax on use of vehicles	90,674.34	171,955.84
Resource tax	85,038,688.17	76,321,273.96
Environmental Protection Tax	25,857.39	35,597.26
Other taxes and charges	5,445.00	832.75

Total	133,943,647.94	120,400,129.52

[Note] The criteria for the calculation of contributions are detailed in note IV to this note.

55. Selling and distribution expenses

Item	Current period amount	Prior period amount
Wage and welfare costs	77,884,962.21	80,956,418.80
Depreciation	35,880,996.76	33,558,358.94
Repairs	7,987,277.37	9,953,030.58
Rental costs	330,891.69	1,191,893.42
Travel and transportation	2,202,041.78	3,200,638.10
Advertising costs	6,446,911.44	3,414,981.32
Office and other	39,466,107.63	30,104,528.94
Total	170,199,188.88	162,379,850.10

56. General and administrative expenses

Item	Current period amount	Prior period amount
Remuneration of employees	472,537,447.63	542,257,158.08
Amortization of assets	18,451,900.74	22,515,221.95
Depreciation	119,755,126.37	102,590,541.34
Advisory services and brokering fees	89,878,476.88	47,201,260.99
Rental costs	11,468,343.16	17,213,878.05
Travel and transportation	8,130,115.43	9,600,198.25
Fund management fees	742,138.38	7,429,261.02
Service charges	25,135,062.03	4,056,680.26
Office and other	75,463,660.60	125,711,091.72
Total	821,562,271.22	878,575,291.66

57. Research and development expenditure

Item	Current period amount	Prior period amount

Item	Current period amount	Prior period amount
Direct material input	49,189,132.17	55,908,232.88
Remuneration of employees	33,488,739.77	49,580,556.36
Other R & D services	42,049,097.73	28,496,985.58
Total	124,726,969.67	133,985,774.82

58. Finance expenses

Item	Current period amount	Prior period amount
Interest expenditure	1,137,283,353.28	991,188,321.20
Less: interest income	127,550,495.88	161,799,499.28
Gains and losses on exchange	15,833,268.79	-7,557,185.45
Expenditure on fees	37,347,106.37	8,134,418.13
Total	1,062,913,232.56	829,966,054.60

59. Other income

Item	Current period amount	Prior period amount
Government grants related to assets	2,254,654.56	2,710,240.86
Government grants related to earnings	2,203,171.15	2,429,835.78
Tax Reduction and Exemption for Veterans	-	106,330.00
Employment Stabilization Allowance	2,043,731.36	1,606,764.16
Individual Income Tax Handling Fee Refund	199,646.09	421,841.75
VAT Additional Deduction	3,482,157.18	674,188.44
Gain on Debt Restructuring	-	1,359,830.74
Incentive Fund for Hangzhou-Shaoxing Airport Economic Integrated Development Demonstration Zone, Zhejiang Province	-	6,039,300.00
Shandong Provincial Incentive Fund for New Data Centers	-	10,338,420.00
Incentive Fund for Core Technology R&D of Leading Science and Technology Enterprises in Taiyuan "Double Hundred Tackling Action"	-	1,080,000.00
Shanxi Provincial Special Incentive Fund for Technological Transformation	-	2,900,000.00
Taiyuan Technological Transformation Incentive Fund	-	1,582,600.00

Item	Current period amount	Prior period amount
Incentive Fund for the Cultivation of Science and Technology-based Enterprises	-	500,000.00
Incentive Fund for the Development of High-tech Enterprises	113,000.00	110,000.00
Special Fund for Urban Water Supply Safety	5,193,048.81	-
Subsidy and Reward Fund for Fee Reduction of Guarantee Institutions	1,730,000.00	-
Funds for Boiler Renewal Projects	1,412,862.15	-
Reward Fund for Renovation and Upgrade of VOC Environmental Protection Equipment	7,875.00	-
Reward Fund for Renovation and Upgrade of Warehousing Systems	29,288.70	-
Reward Fund for Renovation and Upgrade of Industrial Automation Equipment	121,944.13	-
Reward Fund for Intelligent Logistics Handling Robot Project Based on Cooperative Control System	15,841.60	-
2025 Special Fund for Innovative Development, Changzhou Municipal Finance Bureau	80,000.00	-
Subsidies and Rewards for Innovation Capacity Building of Taiyuan Enterprise Technology Centers	500,000.00	-
Reward Fund for Digital Transformation	200,000.00	-
Reward Fund for Newly-built Intelligent Equipment and Industrial Robot Projects	538,613.78	-
Refund of VAT upon Collection	510,247.73	-
Special Fund for the Development of "Specialized, Refined, Unique and Innovative" Small and Medium-sized Enterprises	80,000.00	-
Total	20,716,082.24	31,859,351.73

60. Investment income

Item	Current period amount	Prior period amount
Long-term equity return on equity law accounting	128,110,677.77	131,823,705.01
Investment returns from the disposal of long-term equity investments	195,568,129.18	-
Return on investment during the period of holding of financial assets measured at fair value and accounted for by changes	3,789,859.26	1,775,034.43
Investment proceeds from the disposal of transactional financial assets	1,746,952.56	1,946,387.89
Equity income during holding of financial assets	58,558,726.65	58,672,595.28
Interest income earned on investments held in claims	-	178,362.66
Gains from debt restructuring	-	-989,384.50
Receivables financing discount losses	-	-657,180.18

Item	Current period amount	Prior period amount
Other investment income	34,834,606.20	1,967,300.70
Total	422,608,951.62	194,716,821.29

61. Gains on changes in fair values

Item	Current period amount	Prior period amount
Financial assets measured at fair value and subject to changes in current gains and losses	884,975,299.19	131,810,735.54
of which: fair change in value gains from derivative financial instruments	-4,848,700.00	16,109,950.94
Financial liabilities measured at fair value and accounted for by changes in current gains and losses	-	49,459.23
Other	-	92,466.54
Total	884,975,299.19	131,952,661.31

62. Credit impairment losses

Item	Current period amount	Prior period amount
Loss of bad debts receivable	-1,601,224.71	570,343.54
Loss of accounts receivable	-23,495,215.04	-112,407,875.71
Loss of bad debts on other receivables	-39,243,458.45	-96,318,084.51
Loss of long-term receivables	1,310,003.65	4,645,773.99
Preparedness for impairment of risk receivables	14,497.94	59,818.83
Total	-63,015,396.61	-203,450,023.86

63. Asset impairment losses

Item	Current period amount	Prior period amount
Preparedness for impairment of long-term equity investments	315,573.85	25,000.00
Loss of stock price reduction and impairment of contract performance costs	-3,859,350.80	330,050,850.22
Loss of impairment of contractual assets	-	2,221,256.04
Loss of goodwill	-	-60,670,696.09
Loss of impairment of advance payment	-	-3,215,379.28

Item	Current period amount	Prior period amount
Loss on impairment of other non-current assets	-39,743,510.49	-859,533.95
Losses on impairment of other non-current assets due within one year	-	-1,736,600.00
Total	-43,287,287.44	265,814,896.94

64. Gains /losses on assets disposal

Item	Current period amount	Prior period amount
Proceeds recognized when disposal is not classified as holding non-current assets to be sold	-3,038,983.80	10,727,103.36
Of which: fixed assets	-3,083,379.36	11,268,869.86
Intangible assets	44,395.56	-541,766.50
Total	-3,038,983.80	10,727,103.36

65. Non-operating income

Item	Current period amount	Prior period amount
Gain from damage and write-off of non-current assets	7,344,024.20	2,266,025.82
Government grants unrelated to the enterprise's ordinary activities	546,758.37	2,094,069.78
Write-off of payables no longer required and others	213,409,429.24	10,521,909.30
Income from liquidated damages	795,039.80	1,327,752.34
Gain from asset surpluses	207,922.32	272,674.55
Other	1,922,873.48	5,008,144.49
Total	224,226,047.41	21,490,576.28

66. Non-operating expenses

Item	Current period amount	Prior period amount
Losses on end of non-current assets	906,416.51	4,804,255.24
External donations	694,540.00	1,916,846.44
Breach and fines	3,790,609.82	13,627,289.65
Compensation	529,342.84	6,055,775.61

Item	Current period amount	Prior period amount
Loss of assets	-	51,793.09
Projected guaranteed loss	9,471,296.65	-
Other	1,538,443.44	3,248,914.58
Total	16,930,649.26	29,704,874.61

67. Income tax expenses

Item	Current period amount	Prior period amount
Income tax costs for the current period	142,208,346.82	106,564,943.73
Deferred income tax charges	196,651,857.89	-38,242,954.35
Total	338,860,204.71	68,321,989.38

68. Other consolidated proceeds

Details are provided in note V.(47) to this note.

69. Supplementary information to the cash flow statement

1. Supplementary information to the statement of cash flows

Items	Current period amount	Prior period amount
(1) Adjust net profit to cash flows from operating activities:		
Net profit	505,764,616.29	41,479,718.40
Plus: Provision for assets impairment	63,015,396.61	203,450,023.86
Credit impairment losses	43,287,287.44	-265,814,896.94
Reserve for guaranteed compensation	18,657,223.37	10,889,247.05
Depreciation of fixed assets, loss of oil and gas assets, and depreciation of productive biological assets	558,692,488.10	507,228,948.63
Depreciation of use-right assets	2,627,839.00	14,129,787.23
Amortization of intangible assets	81,139,095.00	79,620,209.76
Amortization of long-term deferred expenses	19,483,719.32	15,371,119.08

Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" means gains)	3,038,983.80	-10,727,103.36
Losses on scrapping of fixed assets ("-" means gains)	-6,437,607.69	2,538,229.42
Loss from fair value change ("-" means gains)	-884,975,299.19	-131,952,661.31
Financial expenses ("-" means gains)	1,137,283,353.28	991,188,321.20
Investment losses ("-" means gains)	-422,608,951.62	-194,716,821.29
Decrease in deferred income tax assets ("-" means increase)	104,779,614.53	-65,791,456.10
Increase in Deferred income tax liabilities ("-" means decrease)	116,362,908.90	28,258,417.95
Decrease in inventory ("-" means increase)	-188,758.91	-590,047,219.38
Decrease in receivables under operating activities ("-" means increase)	-1,216,234,290.79	-3,129,142,752.19
Increase in receivables under operating activities ("-" means decrease)	136,288,725.22	2,558,624,546.52
Others		
Net cash flows from operating activities	259,976,342.66	64,585,658.53
2. Significant activities not involving cash receipts and disbursements:		
Sales of goods, transfers of bank acceptances received for the provision of services		-
Debt to capital		-
Convertible corporate bonds due within one year		-
New right-of-use assets for the period		-
3) Net changes in cash and cash equivalents:		
Cash at the end of period	8,063,136,995.39	6,957,093,614.46
Less: Cash at the beginning of period	6,957,093,614.46	7,823,536,161.39
Plus: Cash equivalents at the end of period		-
Less: Cash equivalents at the beginning of period		-
Net increase in cash and cash equivalents	1,106,043,380.93	-866,442,546.93

2. Composition of cash and cash equivalents

Items	Ending amount of current period	Beginning amount of current period
(1) Cash	8,063,136,995.39	6,957,093,614.46
Including: Cash on hand	79,276.53	671,848.54
Bank deposits that can be used for payment at any time	4,789,501,600.39	5,605,010,761.16
Other monetary funds that can be used for payment at any time	3,273,556,118.47	1,351,411,004.76
(2) Cash equivalents	-	-
Including: bond investments due within three months	-	-
(3) Balance of cash and cash equivalents at the end of period	8,063,136,995.39	6,957,093,614.46

70. Assets whose ownership or use rights are restricted

Item	Closing balance book value	Reasons for restriction
Monetary funds	566,521,418.14	Bonds, freezing of bank deposits, deposit of investments, interest receivable not due Shizuku!
Inventory	1,286,896,168.45	Loan mortgage
Fixed assets	34,615,900.39	Loan mortgage
Intangible assets	6,820,485.88	Loan mortgage
Long-term equity investments	524,254,000.00	Loan mortgage
Other current assets	800,000.00	Loan pledge
Accounts receivable	519,000.00	Loan pledge
Total	2,420,426,972.86	

71. Foreign currency currency project

1. Details

Items	Ending foreign currency balance	Exchange rate	Closing balance converted into RMB
Long-term borrowing			
Of which: Euro	20,114,285.74	8.2355	165,651,200.21

VI. Changes in the scope of consolidation

The data presented in this section are in the amount of RMB 10,000 unless specifically indicated.

Changes in the scope of consolidation due to other causes

1. The transfer of Zibo Water Conservancy Survey and Design Institute Co., Ltd. State property to the limited liability company of the Water Corporation of the city of Zibo, in accordance with Zibo Ren Min Zheng Fu Guo You Zi Chan Jian Du Guan Li Committee State Title [2025] 11 Circular on the reorganization and consolidation of Zibo Water Affairs Ji Tuan You Xian Ze Ren Gong Si He Zibo Water Conservancy Survey and Design Institute Co., Ltd., to be held by the limited liability company of the Water Corporation of the city of Zibo, which performs the responsibility of the financier and assumes the responsibility for value-added preservation. Zibo Water Conservancy Survey and Design Institute Co., Ltd. and Zibo Xing He Shui Li Gong Cheng Jian She Jian Li Co., Ltd. were therefore included in the company ' s consolidated financial statements as of the date of the change in equity.

2 The company ' s subsidiary, Yunbaku Town, Limited, was written off in 2025 and is no longer included in the consolidated financial statements as of the time of its write-off.

3 Zibo Jing Kai Qu Te Cheng Re Li Co., Ltd., a subsidiary of the company, applied for summary write-off on 10 December 2024 and was completed in 2025, and was no longer included in the consolidated financial statements as of the time of its write-off.

4 The company's subsidiary Zibo Rui De Re Li She Ji Co., Ltd. applied for summary write-off on 26 February 2025 and was completed on 20 March 2025, and was not included in the consolidated financial statements as of the time of its write-off.

5. The company ' s subsidiary, Bofutai Water Construction Installations Limited, was written off on 26 March 2025 and was no longer included in the consolidated financial statements as of the time of its write-off.

On 25 August 2025, the Corporation signed a transfer agreement for the share of the fund with Hainan Crane Ping Limited, which transferred 99 per cent of its share of the fund held by the Zibo Zhan Heng Hong Song Gu Quan Tou Zi Fund partnership (limited partnership) to Hainan Crane Ping Limited (hereinafter referred to as "Hai Nam crane ping"), at a transaction price of RMB 1.62 billion, which Hainan crane Ping agreed to be granted. As a result, it is no longer included in the consolidated financial statements as from the time of the transfer of the Fund ' s share.

In July 2025, Shandong Ai Te Yun Xiang Information Technology Co., Ltd., a subsidiary of the company, funded the establishment of Shandong Qixin Shu Zi Ke Ji Co., Ltd.. The company completed its business establishment register on 16 July 2025, with a registered capital of RMB 100.0 million, or 100 per cent of its registered capital, and had substantive control over it, which was included in the consolidated financial statements from the date of its establishment.

8. The subsidiaries of Shandong Aite Yunxiang Information Technology Co., Ltd., a subsidiary of the Company, namely Zhejiang Zhongbo Zhishuan Technology Co., Ltd., Shandong Yunxiang Shuneng Information Technology Development Co., Ltd. and Zibo Yunxiang Yunzhi Investment Partnership (Limited Partnership), completed deregistration in 2025 and ceased to be included in the scope of consolidated financial statements from the time of deregistration.

The subsidiary Zibo Qixin Chuang Ye Tou Zi Fund partnership (the limited partnership) was written off in 2025 and was no longer included in the consolidated financial statements as of the time of its write-off.

VII. Interests in other subjects

1. Interests in subsidiaries

(1) Composition of enterprise groups

Serial	Business name	Level	Place of registration	Main place of business	Nature of operations	Shareholding Ratio (%)	Acquisition
1	Qixin Commercial Factoring (Zibo) Co., Ltd.	1	Hobo City	Shandong Province	Commercial factoring	100.00	Establishment
2	Shandong Qisheng Futures Co., Ltd.	1	Hobo City	Shandong Province	Commodity futures	100.00	Merged without the same control
3	Zibo Qihui Investment Management Partnership (Limited Partnership)	1	Hobo City	Shandong Province	Investment activities	100.00	Establishment
4	Zibo Thirty-nine Industries Qisheng Equity Investment Fund Partnership (Limited Partnership)	1	Hobo City	Shandong Province	Investment management	99.98	Establishment

5	Zibo Caijin Hengsong Industrial Investment Fund Partnership (Limited Partnership)	1	Hobo City	Shandong Province	Commercial services	99.97	Establishment
6	Qixin Materials (Zibo) Co., Ltd.	1	Hobo City	Shandong Province	Chemical sales	100.00	Establishment
7	Zibo Qixin Emergency Refinancing Fund Co., Ltd.	1	Hobo City	Shandong Province	Management and operation of the Enterprise Emergency Loan Fund	100.00	Allocations
8	Zibo Caijin New Kinetic Energy Equity Investment Partnership (Limited Partnership)	1	Hobo City	Shandong Province	Commercial services	94.27	Establishment
9	Qixin Financial Leasing (Zibo) Co., Ltd.	1	Hobo City	Shandong Province	Financial leases	100.00	Establishment
10	Qilu Asset Management (Zibo) Co., Ltd.	1	Hobo City	Shandong Province	Asset management services	100.00	Establishment
11	Zibo Xinrun Financing Guarantee Co., Ltd.	1	Hobo City	Shandong Province	Loan guarantees	89.77	Merge under the same control
12	Qixin Private Fund Management (Zibo) Co., Ltd.	1	Hobo City	Shandong Province	Fund management	100.00	Merged without the same control
13	Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership)	1	Hobo City	Shandong Province	Commercial services	90.00	Establishment
14	Zibo Qixin Infrastructure Industry Investment Co., Ltd.	1	Hobo City	Shandong Province	Investment activities	100.00	Establishment
15	Zibo Qixin Real Estate Co., Ltd.	2	Hobo City	Shandong Province	Real estate	100.00	Establishment
16	Zibo Qihe Real Estate Co., Ltd.	2	Hobo City	Shandong Province	Real estate	51.00	Establishment
17	Zibo Qitai Real Estate Co., Ltd.	2	Hobo City	Shandong Province	Real estate	100.00	Establishment
18	Zibo Qicheng Real Estate Co., Ltd.	2	Hobo City	Shandong Province	Real estate	50.00	Establishment
19	Zibo Qilu Venture Capital Co.,	1	Hobo City	Shandong Province	Investment activities	100.00	Rotate

	Ltd.						
20	Zibo Guoji New Materials Industry Venture Capital Co., Ltd.	2	Hobo City	Shandong Province	Investment activities	66.67	Rotate
21	Zibo Caijin Lingrui Investment Management Co., Ltd.	2	Hobo City	Shandong Province	Investment activities	51.00	Rotate
22	Zibo Jingsheng Supply Chain Co., Ltd.	2	Hobo City	Shandong Province	Development of wood plastics	100.00	Rotate
23	Zibo Security Service Co., Ltd.	1	Hobo City	Shandong Province	Security services	100.00	Merge under the same control
24	Zibo Lijingyuan Catering Management Co., Ltd.	2	Hobo City	Shandong Province	Accommodation	100.00	Rotate
25	Zibo Lijingyuan Property Management Co., Ltd.	3	Hobo City	Shandong Province	Property management	100.00	Rotate
26	Zibo Fucheng Property Management Co., Ltd.	2	Hobo City	Shandong Province	Property management	100.00	Merge under the same control
27	Zibo Qicheng Industry & Trade Co., Ltd.	3	Hobo City	Shandong Province	Labour services	51.00	Merged without the same control
28	Zibo Qicheng Security Service Co., Ltd.	4	Hobo City	Shandong Province	Security services	100.00	Merge under the same control
29	Zibo Qicheng Property Management Co., Ltd.	4	Hobo City	Shandong Province	Property management	100.00	Merge under the same control
30	Zibo Jinzhai Property Management Co., Ltd.	3	Hobo City	Shandong Province	Property management	100.00	Establishment
31	Zibo Dingshun Property Management Co., Ltd.	2	Hobo City	Shandong Province	Property management	100.00	Rotate
32	Zibo High-tech Zone Jindun Security Service Co., Ltd.	2	Hobo City	Shandong Province	Security services	100.00	Rotate
33	Zibo New Torch Property Service Co., Ltd.	3	Hobo City	Shandong Province	Property management	100.00	Rotate
34	Zibo Qiyang Property Management Service Co., Ltd.	3	Hobo City	Shandong Province	Property management	100.00	Merge under the same control

35	Zibo Energy Group Co., Ltd.	1	Hobo City	Shandong Province	Natural gas supply	100.00	Merge under the same control
36	Zibo Coal Gas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	100.00	Merge under the same control
37	Zibo Towngas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	50.00	Merge under the same control
38	Shandong Xinneng Internet of Things Technology Co., Ltd.	2	Hobo City	Shandong Province	Web-based goods services	60.00	Merge under the same control
39	Huantai Xinneng Gas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	51.00	Merge under the same control
40	Zibo Guoxin Comprehensive Energy Co., Ltd.	2	Hobo City	Shandong Province	Electricity supply	51.00	Establishment
41	Zibo Guoneng Gas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	70.00	Merge under the same control
42	Zibo Lübo Gas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	35.00	Merge under the same control
43	Zibo Lübo Yifeng Gas Co., Ltd.	3	Hobo City	Shandong Province	Natural gas supply	60.00	Merge under the same control
44	Shandong Zhongxin Shengtong Natural Gas Utilization Co., Ltd.	3	Hobo City	Shandong Province	Natural gas supply	51.00	Merge under the same control
45	Zibo Xinneng Energy Group Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	100.00	Merge under the same control
46	Zibo Furun Real Estate Co., Ltd.	3	Hobo City	Shandong Province	Real estate development, sale	80.00	Merge under the same control
47	Zibo Xinneng Supply Chain Co., Ltd.	3	Hobo City	Shandong Province	Supply of building materials	100.00	Merge under the same control
48	Zibo Xinneng Industry & Trade Co., Ltd.	3	Hobo City	Shandong Province	Sale of metal ore	51.00	Merge under the same control
49	Zibo Juwei Economic & Trade Co., Ltd.	3	Hobo City	Shandong Province	Sale of gas	100.00	Merge under the same control
50	Zibo Energy Group Natural Gas Pipeline Network Co., Ltd.	2	Hobo City	Shandong Province	Gas production and supply	100.00	Merge under the same control
51	Zibo Huimin Gas Co., Ltd.	2	Hobo City	Shandong Province	LPG supply	80.00	Merge under the same control
52	Zibo Chengyi Gas Co., Ltd.	2	Hobo City	Shandong Province	Natural gas supply	45.00	Merge under the same control
53	Zibo Thermal Power Group Co., Ltd.	2	Hobo City	Shandong Province	Urban heating	100.00	Merge under the same control

54	Zibo Carbon Ecology Development Group Co., Ltd.	3	Hobo City	Shandong Province	Carbon emission reductions, carbon conversion	100.00	Establishment
55	Zibo Qixin Green New Energy Technology Co., Ltd.	4	Hobo City	Shandong Province	Research and development of new and emerging energy technologies	100.00	Establishment
56	Zibo Environmental Heating Co., Ltd.	3	Hobo City	Shandong Province	Urban heating	100.00	Merge under the same control
57	Zibo Thermal Pipeline Network Co., Ltd.	3	Hobo City	Shandong Province	Heat production and supply, etc.	100.00	Establishment
58	Zibo Thermal Power Co., Ltd.	3	Hobo City	Shandong Province	Urban heating	100.00	Merge under the same control
59	Zibo Clean Energy Development Co., Ltd.	3	Hobo City	Shandong Province	Urban heating	100.00	Merge under the same control
60	Shandong Jiajianuan New Energy Co., Ltd.	4	Hobo City	Shandong Province	New energy operation construction	100.00	Merge under the same control
61	Shandong Ruisi New Energy Technology Co., Ltd.	4	Hobo City	Shandong Province	Heat production and supply, etc.	65.00	Establishment
62	Zibo Water Group Co., Ltd.	1	Hobo City	Shandong Province	Urban water supply	100.00	Merge under the same control
63	Zibo Zhengda Water Construction Co., Ltd.	2	Hobo City	Shandong Province	Urban water supply	100.00	Merge under the same control
64	Zibo Fuli Mall Property Development Co., Ltd.	3	Hobo City	Shandong Province	Property management	100.00	Merge under the same control
65	Zibo Guorun Radon Spring Villa Co., Ltd.	3	Hobo City	Shandong Province	Rental, property management	100.00	Merge under the same control
66	Zibo Ankang Real Estate Development Co., Ltd.	3	Hobo City	Shandong Province	Real estate development, sale	100.00	Merge under the same control
67	Zibo Yemai Construction Co., Ltd.	3	Hobo City	Shandong Province	Drainage works	100.00	Merge under the same control
68	Shandong Zirun High-quality Water Purification Technology Co., Ltd.	2	Hobo City	Shandong Province	Technical services	100.00	Establishment
69	Zibo Yellow River Diversion Water Supply	2	Hobo City	Shandong Province	Urban water supply	95.01	Merge under the same control

	Co., Ltd.						
70	Zibo South-to-North Water Diversion Project Construction & Management Co., Ltd.	3	Hobo City	Shandong Province	Urban water supply	100.00	Merge under the same control
71	Shandong Zhongrui Water Supply Equipment Co., Ltd.	2	Hobo City	Shandong Province	Production, sale of water supply equipment	100.00	Merge under the same control
72	Zibo Zishui Instrument Manufacturing Co., Ltd.	3	Hobo City	Shandong Province	Water table sales	76.00	Merge under the same control
73	Shandong Qirun Environmental Technology Co., Ltd.	2	Hobo City	Shandong Province	Water production and supply	100.00	Establishment
74	Zibo Maiwang Water Service Co., Ltd.	3	Hobo City	Shandong Province	Sewage management, etc.	51.00	Rotate
75	Zibo Boyue Water Service Co., Ltd.	3	Hobo City	Shandong Province	Industrial water treatment and water services	67.00	Rotate
76	Zibo Runbo Water Service Co., Ltd.	2	Hobo City	Shandong Province	Hydropower generation, aquaculture	100.00	Merge under the same control
77	Zibo Runde Industrial Co., Ltd.	2	Hobo City	Shandong Province	Centralized water supply	100.00	Merge under the same control
78	Zibo Anrui Water Quality Testing Co., Ltd.	3	Hobo City	Shandong Province	Water quality monitoring	100.00	Merge under the same control
79	Zibo Runcheng Engineering Design Co., Ltd.	3	Hobo City	Shandong Province	Construction	85.00	Merge under the same control
80	Zibo Ningbi Drinking Water Co., Ltd.	3	Hobo City	Shandong Province	Beverage production, sale	85.24	Merge under the same control
81	Zibo Fengji New Energy Development Co., Ltd.	3	Hobo City	Shandong Province	Development of water heat pump technology	100.00	Merge under the same control
82	Zibo Runbang Real Estate Co., Ltd.	3	Hobo City	Shandong Province	Real estate development, sale	100.00	Merge under the same control
83	Zibo Tap Water Co., Ltd.	2	Hobo City	Shandong Province	Urban water supply	100.00	Merge under the same control
84	Zibo Water Conservancy Survey and Design Institute Co., Ltd.	2	Hobo City	Shandong Province	Engineering design activities	100.00	Rotate

85	Zibo Xinghe Water Conservancy Project Construction Supervision Co., Ltd.	3	Hobo City	Shandong Province	Plumberwood products collection	100.00	Rotate
86	Shandong Aite Yunxiang Information Technology Co., Ltd.	1	Hobo City	Hobo City	Basic telecommunications operations	34.47	Merged without the same control
87	Shandong Zhongbo Xinyun Network Technology Co., Ltd.	2	Aoshima City	Aoshima City	Software and IT services	51.00	Establishment
88	Zhisuan Future (Shaoxing) Digital Technology Co., Ltd.	2	Sau Xing City	Sau Xing City	Services for the promotion and application of science and technology	70.00	Establishment
89	Aite Yunxiang (Beijing) Digital Information Technology Co., Ltd.	2	Beijing	Beijing	Software and IT services	100.00	Establishment
90	Aite Yunxiang (Zibo) Information Technology Co., Ltd.	2	Hobo City	Hobo City	Real estate	100.00	Establishment
91	Ningxia Aite Yunxiang Information Technology Co., Ltd.	2	Autonomous Region of Ningxia	Autonomous Region of Ningxia	Internet and related services	70.00	Establishment
92	Zhejiang Aite Yunxiang Computer Technology Co., Ltd.	2	Sau Xing City	Sau Xing City	Research and experimental development	100.00	Establishment
93	Aite Yunxiang (Shaoguan) Information Technology Co., Ltd.	3	Huan Guan City	Huan Guan City	Software and IT services	100.00	Establishment
94	Shanghai Aite Yunxiang Information Technology Co., Ltd.	2	Shanghai City	Shanghai City	Software and IT services	100.00	Establishment
95	Shandong Aite Yunxiang Computer Co., Ltd.	2	Hobo City	Hobo City	Software and IT services	100.00	Establishment
96	Lanling Urban Development Yunxiang Information Technology Co., Ltd.	2	Penn City	Penn City	Software and IT services	51.00	Establishment
97	Zhangjiakou Shuba	2	Beijing	Beijing	Software and IT services	51.00	Establishment

	Yunxiang Information Technology Co., Ltd.						
98	Shanghai Aite Yunxiang Computer Technology Co., Ltd.	2	Shanghai City	Shanghai City	Research and experimental development	100.00	Establishment
99	Shandong Qixin Digital Technology Co., Ltd.	2	Hobo City	Hobo City	Software and IT services	100.00	Establishment

(2) Reasons for having less than half of the voting power of the investment unit but having control over the investment unit

Serial	Business name	Shareholding ratio (%)	Right to voteRatio (%)	Registered capital (thousands of dollars)	Level	Reasons for inclusion
1	Zibo Towngas Co., Ltd.	50.00	50.00	10,000.00	2	The company's subsidiary, the Zibo City Energy Group, has control over its operations.
2	Zibo Chengyi Gas Co., Ltd.	45.00	45.00	6,000.00	2	The company's subsidiary, Zibo City Energy Group, is the first-largest shareholder and has control over the decision-making process.
3	Zibo Lübo Gas Co., Ltd.	35.00	35.00	10,000.00	2	The company's subsidiary, Zibo City Energy Group, is the first-largest shareholder and has control over the decision-making process.
4	Shandong Aite Yunxiang Information Technology Co., Ltd.	34.47	65.53	51,543.22	1	Constraint of action by agreement, control of operations with decision-making power

(3) Reasons for the failure of the parent company to exercise control over the voting rights of more than half of the investment unit, either directly or through other subsidiaries

Serial number	Business name	Contribution rateRatio (%)	Registered capital (thousands of dollars)	Level	Not incorporated Scope causes
1	Zibo Chengxin Gas Co., Ltd.	98.93	18,600.00	3	Not funded, beyond control
2	Zibo Xingang New Energy Co., Ltd.	80.00	5,000.00	3	Closed for insolvency proceedings

VIII. Related parties and related transactions

1. Related party relations

(1) The parent company of the company

parent company	Nature of operations	Place of registration	Registered capital (thousands of dollars)	Share of parent company in the enterpriseRatio (%)	Percentage of voting rights of parent companies to their enterpriseRatio (%)
Zibo Municipal Finance Bureau	State	Zibo City	-	100.00	100.00

(2) The subsidiary of the company

Details of the subsidiary of the company are provided in note VII (1) hereto.

(3) Joint and associated ventures of the company

The significant joint and associated ventures of the company are detailed in note V (14) to this note, "Long-term equity investments".

(4) Situation of other related parties

Name of other related party	Relationship of other related parties to the company
Zibo Chengzhi Gas Co., Ltd.	The company has a major impact on it.
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	The company has a major impact on it.
Zibo Qilu Chemical Industrial Zone Jinying Investment Development Co., Ltd.	The company has a major impact on it.
Zibo China Resources Gas Co., Ltd.	The company has a major impact on it.
Zibo City Gas (Boshan) Co., Ltd.	The company has a major impact on it.
Zibo Banyang City Gas Co., Ltd.	The company has a major impact on it.
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	The company has a major impact on it.
Shandong Chengyi Natural Gas Utilization Co., Ltd.	The company has a major impact on it.
Qishang Bank Co., Ltd.	The company has a major impact on it.
Zibo Qixin Industrial Investment Co., Ltd.	The company has a major impact on it.
Zibo Xingang Gas Co., Ltd.	The company has a major impact on it.
Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	The company has a major impact on it.
Qingdao Xinneng Equipment Integration Co., Ltd.	The company has a major impact on it.
Zibo Xingang New Energy Co., Ltd.	The company has a major impact on it.
Zibo Xingang Fine Chemical Co., Ltd.	The company has a major impact on it.
Zhongning State-owned Capital Operation Co., Ltd.	Shareholders of the company's subsidiary
Lanling Urban Construction and Development Co., Ltd.	Shareholders of the company's subsidiary
Zhejiang Xinghehui International Trade Co., Ltd.	A subsidiary of the shareholders of our subsidiary

Name of other related party	Relationship of other related parties to the company
Qingdao Aite Yun Investment Partnership (Limited Partnership)	Shareholders of the company's subsidiary

2. Related transactions

(1) Related transactions in the sale of goods and services

Name of related party	Related transaction content	Current amount	Prior period amount
Zibo Municipal Finance Bureau	Government-led fund management fee revenue	-	103,455,188.68
Qishang Bank Co., Ltd.	Revenue from freight charges	5,849,427.09	3,823,809.52
Qishang Bank Co., Ltd.	Heat supply	958,877.06	1,064,667.89
Zibo China Resources Gas Co., Ltd.	Sale of gas	4,568,171.05	83,075,898.17
Shandong Chengyi Natural Gas Utilization Co., Ltd.	Interest on loans	1,494,019.13	940,253.28
Zibo Banyang City Gas Co., Ltd.	Pipeline cost	305,745.13	293,737.98
Lanling Urban Construction and Development Co., Ltd.	Sale of commodities	-	23,583,104.03

(2) Procurement of goods, related transactions for services

Name of related party	Related transaction content	Current amount	Prior period amount
Zibo China Resources Gas Co., Ltd.	Procurement of commodities	9,174.31	1,848,609.53
Zibo City Gas (Boshan) Co., Ltd.	Procurement of commodities	7,469,689.71	19,777,484.66
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	Procurement of commodities	7,019,485.26	6,659,062.10
Shandong Chengyi Natural Gas Utilization Co., Ltd.	Procurement of commodities	40,748,790.42	37,587,797.53
Zibo Banyang City Gas Co., Ltd.	Pipeline cost	2,036,030.59	-
Zibo Banyang City Gas Co., Ltd.	Procurement of gas	320,906,016.90	285,760,659.85
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	Engineering	3,849,633.03	6,223,086.26
Zibo Qixin Industrial Investment Co., Ltd.	Interest expenditure	434,995.44	662,229.45

(3) Associated lease situation

1) As a lessor

Lessee name	Type of leased asset	Revenue recognized in the current period	Prior-period recognized lease income
Zibo China Resources Gas Co., Ltd.	Rental	1,487,293.57	1,364,591.23

3. Due from related parties

(1) Bank deposits

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	2,002,085,053.19	1,864,104,657.64

(2) Bank borrowing

1) Short-term borrowing

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	675,575,848.40	1,262,459,447.85

2) Non-current liabilities due within one year

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	311,172,260.00	87,500,000.00

3) Long-term borrowing

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	86,000,000.00	357,267,250.00

(3) Due from related party

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Zibo China Resources Gas Co., Ltd.	4,654,731.71	-	1,309,698.83	-
Accounts receivable	Shandong Chengyi Natural Gas Utilization Co., Ltd.	1,139,660.28	-	-	-
Accounts receivable	Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	163,624.00	163,624.00	-	-
Accounts receivable	Zibo Municipal Finance Bureau	71,039,548.83	-	72,139,548.83	-
Accounts receivable	Qishang Bank Co., Ltd.	174,119.74	-	1,758,943.74	-
Accounts receivable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	2,590,802.53	46,650.17	2,332,508.40	-
Accounts receivable	Zhejiang Xinghehui International Trade Co., Ltd.	210,640,000.00	-	-	-
Accounts receivable	Lanling Urban Construction and Development Co., Ltd.	15,759,613.78	102,068.00	15,391,585.01	-
Other accounts receivable	Lanling Urban Construction and Development Co., Ltd.	1,314,589.20	26,291.78	1,314,589.20	-
Other accounts receivable	Qishang Bank Co., Ltd.	6,972.00	-	9,634.00	-
Other accounts receivable	Shandong Chengyi Natural Gas Utilization Co., Ltd.	65,500,000.00	6,100,000.00	42,000,000.00	6,000,000.00
Other accounts	Shandong Changyun Special Vehicle	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
receivable	Manufacturing Co., Ltd.				
Other accounts receivable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	5,625,469.91	-	1,125,477.24	-
Other accounts receivable	Zhejiang Xinghehui International Trade Co., Ltd.	770.00	-	-	-
Other accounts receivable	Zibo China Resources Gas Co., Ltd.	12,524.37	-	5,371,857.34	258,774.00
Other accounts receivable	Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	-	-	55,174,672.36	-
Other accounts receivable	Zibo Qixin Industrial Investment Co., Ltd.	96,806,325.66	-	202,511,793.38	-
Other accounts receivable	Zibo Municipal Finance Bureau	-	-	18,019.03	-
Other accounts receivable	Zibo Xingang Gas Co., Ltd.	25,252,567.71	22,615,514.19	25,179,853.84	22,186,171.39
Other accounts receivable	Qingdao Aite Yun Investment Partnership (Limited Partnership)	602,000.00	-	602,000.00	-
Advance payments	Qishang Bank Co., Ltd.	852.41		-	
Advance payments	Shandong Chengyi Natural Gas Utilization Co., Ltd.	7,297,124.65		8,321,544.38	
Advance payments	Zibo Banyang City Gas Co., Ltd.	7,934,551.38		7,706,335.23	
Advance payments	Zibo City Gas (Boshan) Co., Ltd.	-		170,379.00	
Advance payments	Zibo China Resources Gas Co., Ltd.	4,887,172.62		4,887,172.62	
Advance payments	Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	901,397.10		812,404.01	

(4) Payable to related parties

Items	Related Party	Closing balance	Opening balance
Accounts payable	Lanling Urban Construction and Development Co., Ltd.	410,950.17	-
Accounts payable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	7,334,028.94	4,356,745.97
Accounts payable	Zhejiang Xinghehui International Trade Co., Ltd.	39,582.08	-
Accounts payable	Zibo Banyang City Gas Co., Ltd.	97,145.38	-
Accounts payable	Zibo City Gas (Boshan) Co., Ltd.	66,741.35	-
Accounts payable	Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	257,544.00	-
Accounts payable	Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	505,950.59	-

Items	Related Party	Closing balance	Opening balance
Other accounts payable	Qishang Bank Co., Ltd.	175.00	-
Other accounts payable	Qingdao Xinneng Equipment Integration Co., Ltd.	16,915.86	16,915.86
Other accounts payable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	375,495.00	-
Other accounts payable	Zhejiang Xinghehui International Trade Co., Ltd.	3,353,731.30	94,300,000.00
Other accounts payable	Zhongning State-owned Capital Operation Co., Ltd.	10,000,000.00	10,000,000.00
Other accounts payable	Zibo Chengzhi Gas Co., Ltd.	522.50	522.50
Other accounts payable	Zibo China Resources Gas Co., Ltd.	126,248.81	50,000.00
Other accounts payable	Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	327,840,000.00	327,840,000.00
Other accounts payable	Zibo Xingang Fine Chemical Co., Ltd.	22,000,000.00	22,000,000.00
Other accounts payable	Zibo Xingang New Energy Co., Ltd.	7,485,089.01	8,696,633.31
Other accounts payable	Qingdao Aite Yun Investment Partnership (Limited Partnership)	560,000.00	560,000.00
Contractual liabilities	Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	368.25	-
Contractual liabilities	Qishang Bank Co., Ltd.	917,431.19	-
Other current liabilities	Zibo Qixin Industrial Investment Co., Ltd.	-	39,533,846.00
Other current liabilities	Qishang Bank Co., Ltd.	82,568.81	-

IX. Commitments and contingencies

The data listed in this section are in the amount of RMB 10,000 unless specifically stated.

1. Key commitments

As at the balance sheet date, there were no material commitments.

2. Contingent matters

As at 31 December 2025, the company had provided guarantees:

As guarantor

Guaranteed Party	Guaranteed balance	Guarantee Commencement Date	Guarantee Maturity Date	Whether performance of guarantee is completed
Zibo Urban Asset Operation Group Co., Ltd.	508,710,000.00	2023-09-08	2037-07-19	No
Zibo Urban Asset Operation Group Co., Ltd.	350,000,000.00	2025-10-23	2026-10-23	No

Guaranteed Party	Guaranteed balance	Guarantee Commencement Date	Guarantee Maturity Date	Whether performance of guarantee is completed
Zibo Urban Asset Operation Group Co., Ltd.	300,000,000.00	2025-08-13	2026-08-13	No
Zibo Urban Asset Operation Group Co., Ltd.	300,000,000.00	2025-03-21	2028-03-15	No
Zibo Urban Asset Operation Group Co., Ltd.	246,715,000.00	2025-03-13	2027-03-12	No
Zibo Urban Asset Operation Group Co., Ltd.	240,000,000.00	2025-12-12	2026-12-11	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2025-12-25	2026-12-21	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2022-09-30	2050-09-09	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2025-06-28	2026-06-10	No
Zibo Urban Asset Operation Group Co., Ltd.	180,300,000.00	2025-08-28	2053-07-25	No
Zibo Urban Asset Operation Group Co., Ltd.	153,000,000.00	2025-12-12	2026-12-04	No
Zibo Urban Asset Operation Group Co., Ltd.	150,000,000.00	2023-04-28	2026-04-27	No
Zibo Urban Asset Operation Group Co., Ltd.	113,200,000.00	2025-11-06	2026-11-06	No
Zibo Urban Asset Operation Group Co., Ltd.	108,580,600.00	2022-11-17	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	100,000,000.00	2025-08-20	2026-08-20	No
Zibo Urban Asset Operation Group Co., Ltd.	61,875,000.00	2022-04-01	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	44,000,000.00	2022-11-17	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	44,000,000.00	2022-11-17	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	44,000,000.00	2022-11-17	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	43,250,000.00	2024-02-01	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	43,250,000.00	2024-02-01	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	43,250,000.00	2024-02-01	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	42,575,000.00	2023-08-31	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	42,169,900.00	2023-08-31	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	41,250,000.00	2022-01-19	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	41,161,300.00	2022-12-08	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	39,187,500.00	2022-01-19	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	28,437,600.00	2023-07-31	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	28,261,800.00	2024-02-01	2043-06-05	No

Guaranteed Party	Guaranteed balance	Guarantee Commencement Date	Guarantee Maturity Date	Whether performance of guarantee is completed
Zibo Urban Asset Operation Group Co., Ltd.	28,187,500.00	2022-04-01	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	26,967,600.00	2022-11-17	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	22,687,500.00	2022-04-15	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	20,000,000.00	2024-12-27	2026-01-26	No
Zibo Urban Asset Operation Group Co., Ltd.	17,187,500.00	2022-04-01	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	16,640,000.00	2025-02-07	2026-03-06	No
Zibo Urban Asset Operation Group Co., Ltd.	10,312,500.00	2022-04-15	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	6,875,000.00	2022-04-15	2029-01-19	No
Zibo Urban Asset Operation Group Co., Ltd.	2,324,300.00	2023-08-31	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	1,772,500.00	2023-07-31	2043-06-05	No
Zibo Urban Asset Operation Group Co., Ltd.	100,000.00	2023-09-01	2053-07-25	No
Zibo Urban Asset Operation Group Co., Ltd.	440,000,000.00	2025-10-13	2026-4-13	No
Digital Zibo Operation and Development Co., Ltd.	280,000,000.00	2025-01-13	2026-01-12	No
Digital Zibo Operation and Development Co., Ltd.	120,000,000.00	2025-01-08	2026-01-07	No
Digital Zibo Operation and Development Co., Ltd.	99,980,000.00	2025-01-15	2026-01-14	No
Zibo Qixin Industrial Investment Co., Ltd.	370,000.00	2024-6-5	2026-9-4	No
Zibo Qixin Industrial Investment Co., Ltd.	1,000,000.00	2024-6-5	2028-2-15	No
Zibo Qixin Industrial Investment Co., Ltd.	600,000,000.00	2023-2-23	2028-2-22	No
Zibo Qixin Industrial Investment Co., Ltd.	59,000,000.00	2023-2-23	2028-2-22	No
Zibo Qixin Industrial Investment Co., Ltd.	8,437,000.00	2025-12-16	2026-11-11	No

X. Post-balance sheet events

1. Significant non-adjustment matters

From the end of the reporting period until the date of reporting, Shandong Qi Sheng Qi Huo Co., Ltd., a subsidiary of the company, had six new private investment funds, with a cumulative capital of RMB 31 million; a pooled asset management plan issued by a subsidiary of the New Investment Fund Company, with a cumulative capital of RMB 5 million; and four private fund-raising funds, with a cumulative amount of RMB 28 million.

2. Statement of future balance sheet events

Except in the case of disclosure of post-balance sheet events referred to above, no material balance sheet future events need to be disclosed by the company.

XI. Other important matters

1. Prior-period accounting error correction

There was no prior-period accounting error correction.

XII. Notes on major items of the parent ' s financial statements

1. Accounts receivable

1. Disclosure by age

Ageing	Closing balance
Within 1 year	43,559,653.76
Less: Bad debt provision	-
Total book value	43,559,653.76

2. Categorized by bad debt method Disclosure

Categories	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts in combination	43,559,653.76	100.00	-	-	43,559,653.76

Continued from the table above:

Categories	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts in combination	38,855,996.59	100.00	-	-	38,855,996.59

3. Preparation for bad debts

(1) Accounts receivable with impairment provisions recognised based on ageing portfolio at the end of the reporting period
of which: ageing group

Ageing	Book balance	Bad debt provision	Ratio (%)
Within 1 year	43,559,653.76	-	-

4. Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Prepare for bad debts in combination	-	-	-	-	-	-

5. At the end of the period, the top five accounts receivable totaled RMB 43,559,653.76.

2. Other accounts receivable

1. Details

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Receivable dividends	-	-	-
Other accounts receivable	6,135,354,247.41	1,941.02	6,135,352,306.39
Total	6,135,354,247.41	1,941.02	6,135,352,306.39

Continued from the table above:

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Receivable dividends	-	-	-
Other accounts receivable	5,290,944,560.38	1,941.02	5,290,942,619.36
Total	5,290,944,560.38	1,941.02	5,290,942,619.36

2. Other receivables

(1) By age Disclosure

Ageing	Closing balance
Within 1 year	2,627,836,771.00
1-2 years	1,818,142,585.23
2-3 years	736,372,950.16
3-4 years	-

4-5 years	150,000,000.00
Over 5 years	803,001,941.02
Subtotal of carrying amounts	6,135,354,247.41
Less: Bad debt provision	1,941.02
Subtotal of book value	6,135,352,306.39

(2) Classification by nature

Nature	Closing balance	Opening balance
Transactions	6,133,312,551.91	5,288,878,593.32
Bonds and deposits	2,031,695.50	2,031,695.50
Other	10,000.00	34,271.56
Subtotal of carrying amounts	6,135,354,247.41	5,290,944,560.38
Less: Bad debt provision	1,941.02	1,941.02
Subtotal of book value	6,135,352,306.39	5,290,942,619.36

(3) Bad debt provision

Provision for Bad debt.	First stage	Second stage	Third stage	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
Balance as at 1 January 2025	-	-	1,941.02	1,941.02
Movement of the balance as at 1 January 2025 in current period	-	-	-	-
Accrual in current period	-	-	-	-
Recovery or reversal in current period	-	-	-	-
Write-off in current period	-	-	-	-
Balance as at 31 December 2025	-	-	1,941.02	1,941.02

(4) Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Category	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debts provision per item	1,941.02	-	-	-	-	1,941.02

(5) At the end of the period, the first five other receivables totaled RMB4,727,493,411.00.

3. Long-term equity investments

1. Details

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Investments in subsidiaries	13,602,543,352.50		13,602,543,352.50	14,974,655,816.29	-	14,974,655,816.29
Investments in consortia, joint ventures	1,047,760,765.93	-	1,047,760,765.93	1,037,666,634.72	-	1,037,666,634.72
Total	14,650,304,118.43		14,650,304,118.43	16,012,322,451.01	-	16,012,322,451.01

Investment in subsidiaries

Investment units	Opening balance (book value)	Increase/decrease in the current period				Closing balance (book value)	Impairment reserve closing balance
		Additional investments	Reduction of investments	Prepare for impairment.	Other		
Zibo Thirty-nine Industries Qisheng Equity Investment Fund Partnership (Limited Partnership)	1,748,762,700.00	-	-	-	-	1,748,762,700.00	-
Shandong Aite Yunxiang Information Technology Co., Ltd.	574,254,000.00	-	-	-	-50,000,000.00	524,254,000.00	-
Qixin Private Fund Management (Zibo) Co., Ltd.	9,847,457.62	-	-	-	-	9,847,457.62	-
Shandong Qisheng Futures Co., Ltd.	446,500,000.00	150,000,000.00	-	-	-	596,500,000.00	-
Zibo Energy Group Co., Ltd.	865,901,027.14	-	-	-	-	865,901,027.14	-
Zibo Water Group Co., Ltd.	3,694,841,478.76	-	-	-	-	3,694,841,478.76	-
Zibo Thermal Power Group Co., Ltd.	443,459,828.87	-	443,459,828.87	-	-	-	-
Zibo Security Service Co., Ltd.	71,175,115.77	-	-	-	-	71,175,115.77	-
Zibo Xinrun Financing Guarantee Co., Ltd.	1,467,768,791.74	-	-	-	-	1,467,768,791.74	-
Zibo Zhanheng Hongsong Equity Investment Fund Partnership (Limited Partnership)	1,013,137,787.00	586,270,200.00	-	-	-1,599,407,987.00	-	-
Zibo Qixin Emergency Refinancing Fund Co., Ltd.	20,207,415.80	-	-	-	-	20,207,415.80	-
Qilu Asset Management (Zibo) Co., Ltd.	50,000,000.00	-	-	-	-	50,000,000.00	-
Qixin Financial Leasing (Zibo) Co., Ltd.	600,000,000.00	-	-	-	-	600,000,000.00	-
Qixin Commercial Factoring (Zibo) Co., Ltd.	100,000,000.00	-	-	-	-	100,000,000.00	-
Zibo Caijin Hongsong Industrial Investment Fund Partnership (Limited	111,000,000.00	-	-	-	-	111,000,000.00	-

Partnership)									
Zibo Qilu Venture Capital Co., Ltd.	1,073,203,213.59	-	-	-	-			1,073,203,213.59	-
Zibo Qixin Infrastructure Industry Investment Co., Ltd.	26,000,000.00	-	-	-	-			26,000,000.00	-
Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership)	8,000,000.00	-	-	-	-			8,000,000.00	-
Qixin Materials (Zibo) Co., Ltd.	150,000,000.00	-	-	-	-			150,000,000.00	-
Zibo Qihui Investment Management Partnership (Limited Partnership)	1,299,000,000.00	-	-	-	-			1,299,000,000.00	-
Zibo Caijin New Kinetic Energy Equity Investment Partnership (Limited Partnership)	1,191,600,000.00	-	5,517,847.92	-	-			1,186,082,152.08	-
Zibo Qixin Venture Capital Fund Partnership (Limited Partnership)	9,997,000.00	-	9,997,000.00	-	-			-	-
Total	14,974,655,816.29	736,270,200.00	458,974,676.79	-	-1,649,407,987.00			13,602,543,352.50	-

3. Investments in associated enterprises

Investment unit	Opening balance (book value)	Increase/decrease in the current period								Closing balance (book value)	Stand by for impairment. Closing balance
		Additio nal investm ents	Reduct ion of invest ments	Investment gains and losses recognized under equity law	Other combined income adjustments	Changes in other entitlements	Declaratio n of cash dividends or profits	Planning Stand by for impairment	Other		
Shandong Tianshuo Financing Guarantee Co., Ltd.	26,583,809.70	-	-	495,000.00	-	-	495,000.00	-	-	26,583,809.70	-
Qilu Equity Exchange Center Co., Ltd.	76,399,859.47	-	-	57,759.95	-	-	-	-	-	76,457,619.42	-
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	17,887,794.07	-	-	-1,935,149.10	-	-	-	-	-	15,952,644.97	-
Qishang Bank Co., Ltd.	916,795,171.48	-	-	31,129,192.74	-8,252,390.23	-10,905,282.15	-	-	-	928,766,691.84	-

Total	1,037,666,634.72	-	-	29,746,803.59	-8,252,390.23	-10,905,282.15	495,000.00	-	-	1,047,760,765.93	-

4. Operating revenue and costs

Item	Current period amount		Prior period amount	
	Revenue	Costs	Revenue	Costs
Main operations	666,685,439.06	652,764,301.12	725,869,843.24	619,749,115.05
Other operations	41,999,499.80	-	47,106,242.33	-
Total	708,684,938.86	652,764,301.12	772,976,085.57	619,749,115.05

5. Investment income

Item	Current period amount	Prior period amount
Long-term equity return on cost-based accounting	176,411,891.10	95,373,423.40
Long-term equity return on equity law accounting	29,746,803.59	37,537,083.03
Return on investment from the disposal of financial assets measured at fair value and to which movements are accounted for in current-period gains and losses	289,790.20	-
Investment returns from the disposal of long-term equity investments	20,592,013.00	-
Equity income during holding of financial assets	44,189,216.22	50,031,512.68
Other investment income	-	-2,984,645.76
Total	271,229,714.11	179,957,373.35

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Auditor's Report 2024

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AUDITORS' REPORT

(2025)Jing Kuai Xing Shen Zi No.00470120

Zibo Caijin Holding Group Co.,Ltd.:

I. Opinion

We have audited the accompanying financial statements of Zibo Caijin Holding Group Co.,Ltd.(hereinafter referred to as “the Company”),which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31,2024,the consolidated income statement and the parent company's income statement,the consolidated statement of cash flows and the parent company's statement of cash flows,and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended,as well as notes to the relevant financial statements.

In our opinion,the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly,in all material respects,the consolidated financial position of the Company and the parent company's financial position as at December 31,2024 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

II. Basis for the Auditor's Opinion

We conducted our audit in accordance with the China Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the section “Auditors’ Responsibilities for the Audit of the Financial Statements” of the audit report. In compliance with the Code of Professional Ethics for Certified Public Accountants of China, we maintain independence from Zibo Financial Holding Co., Ltd., and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

IV. The Responsibilities of the Certified Public Accountants for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following

works:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Zibo Caijin Holding Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Zibo Caijin Holding Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Zibo Caijin Holding Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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


Bei Jing Xing Hua Certified Public Accountants (Special General Partnership)
China Beijing

PRC Certified Public Accountant:

董美华

PRC Certified Public Accountant:

王玉霜

29 April, 2025

中国注册会计师
董美华
370100190020

中国注册会计师
王玉霜
110004130100

Note: The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under Accounting Standards for Business Enterprises in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Balance Sheet

As At 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ASSETS	NOTES	31/12/2024	31/12/2023
CURRENT ASSETS:			
Monetary funds	V, (1)	7,384,568,929.88	8,154,753,788.40
Clearing settlement funds*			
Placements with banks and other financial institutions*			
Financial assets held for trading	V, (2)	256,125,349.57	183,451,387.46
Derivative financial assets			
Notes receivable	V, (3)	90,350,262.00	153,905,944.20
Accounts receivable	V, (4)	2,002,225,199.97	1,830,019,136.73
Receivables financing	V, (5)	16,917,037.06	4,360,296.04
Prepayments	V, (6)	1,458,923,086.28	1,186,834,957.87
Premium Receivables*		-	-
Receivables from reinsurers*		-	-
Reinsurance contract reserves receivable*		-	-
Other receivables	V, (7)	7,284,293,088.57	5,783,428,757.98
Of which: Interest receivable		-	-
Dividend receivable		-	5,047,985.98
Financial assets purchased under agreements to resell*	V, (8)	-	52,060,567.32
Inventories	V, (9)	3,596,370,180.43	3,006,322,961.05
Contract assets	V, (10)	196,993,873.20	230,752,792.24
Assets held for sale		-	-
Non-current assets due within one year	V, (11)	98,628,158.59	83,132,631.28
Other current assets	V, (12)	3,179,677,783.75	2,079,017,707.71
TOTAL CURRENT ASSETS		25,565,072,949.30	22,748,040,928.28
NON-CURRENT ASSETS:			
Loans and advances to customers*			
Debt investment	V, (13)	1,500,000,000.00	
Other debt investments		-	
Long-term receivables	V, (14)	5,376,909.26	94,312,408.87
Long-term equity investments	V, (15)	4,135,628,674.83	4,564,725,705.88
Other equity instrument investments	V, (16)	12,154,979,947.36	12,978,870,345.70
Other non-current financial assets	V, (17)	2,744,585,858.14	1,922,281,610.18
Investment properties	V, (18)	59,874,287.22	60,023,813.83
Fixed assets	V, (19)	6,247,832,155.27	5,212,854,083.51
Construction in progress	V, (20)	1,573,268,036.50	2,706,088,992.18
Productive biological assets		-	
Oil and gas assets			
Right-of-use assets	V, (21)	169,208,741.65	9,467,236.15
Intangible assets	V, (22)	2,152,486,904.88	2,184,158,202.79
Development expenditure	V, (23)	451,498.66	5,397,846.44
Goodwill	V, (24)	1,731,840,225.64	1,792,510,921.73
Long-term deferred expenses	V, (25)	67,363,287.84	41,375,680.14
Deferred income tax assets	V, (26)	227,443,369.43	161,649,713.33
Other non-current assets	V, (27)	227,771,479.18	183,694,740.33
TOTAL NON-CURRENT ASSETS		32,998,111,375.86	31,917,411,301.06
TOTAL ASSETS		58,563,184,325.16	54,665,452,229.34

Legal Representative:

Financial Controller:

Head of the Financial Department:



Consolidated Balance Sheet

As At 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

LIABILITIES AND OWNERS' EQUITY	NOTES	31/12/2024	31/12/2023
CURRENT LIABILITIES:			
Short-term borrowings	V、(28)	3,411,729,856.41	2,469,519,840.08
Borrowings from Central Bank*		-	-
Placements from banks and other financial institutions*		-	-
Held-for-trading financial liabilities	V、(29)	-	10,713,765.83
Derivative financial liabilities		-	-
Notes payable	V、(30)	230,299,971.56	388,313,048.28
Accounts payable	V、(31)	1,774,558,476.55	2,074,983,857.36
Advance receipts	V、(32)	-	74,032.00
Contract liabilities	V、(33)	1,999,785,591.82	2,097,034,444.14
Assets sold under agreements to repurchase*		-	-
Customer bank deposits and due to banks and other financial institutions*		-	-
Funds from dealing in securities*		-	-
Funds from underwriting securities agency*		-	-
Employee compensation payable	V、(34)	135,060,216.07	137,353,450.26
Taxes and surcharges payable	V、(35)	171,815,118.91	174,873,385.93
Other payables	V、(36)	4,821,120,017.19	4,908,547,572.91
Of which: Interest payable		-	-
Dividend payable	V、(36)	80,112,000.00	49,752,000.00
Commission and brokerage payable*		-	-
Due to reinsurers*		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year	V、(37)	2,392,093,487.22	2,976,116,475.76
Other current liabilities	V、(38)	4,533,630,906.28	3,601,930,396.10
TOTAL CURRENT LIABILITIES		19,470,093,642.01	18,839,460,268.65
NON-CURRENT LIABILITIES:			
Insurance contract reserves*		-	-
Long-term borrowings	V、(39)	3,459,469,722.64	2,020,384,676.46
Bonds payable	V、(40)	11,368,455,772.69	9,024,529,093.06
Including: Preference shares		-	-
Perpetual bonds		-	-
Lease liabilities	V、(41)	124,917,746.51	9,292,598.87
Long-term payables	V、(42)	1,765,434,298.75	1,366,544,765.38
Long-term staff remuneration payables		-	-
Accrued liabilities	V、(43)	3,796.67	337,271.94
Deferred income	V、(44)	476,683,952.81	494,576,575.73
Deferred income tax assets	V、(26)	1,621,701,076.84	1,882,408,668.98
Other non-current liabilities	V、(45)	1,504,812,500.00	1,803,987,671.22
TOTAL NON-CURRENT LIABILITIES		20,321,478,866.91	16,602,061,321.64
TOTAL LIABILITIES		39,791,572,508.92	35,441,521,590.29
OWNERS' EQUITY:			
Paid-in capital	V、(46)	2,375,021,472.87	1,600,000,000.00
Other equity instruments	V、(47)	23,548,737.74	23,548,737.74
Including: Preference shares		-	-
Perpetual Bonds		-	-
Capital reserves	V、(48)	9,804,067,254.37	10,103,506,915.07
Less: treasury shares		-	-
Other comprehensive income	V、(49)	4,700,754,414.13	5,497,043,562.25
Special reserves	V、(50)	56,444,507.49	47,334,072.47
Surplus reserves	V、(51)	7,544,576.74	7,544,576.74
General risk provision*	V、(52)	27,002,602.76	21,615,448.37
Undistributed profits	V、(53)	-831,070,097.21	-868,381,771.08
Total equity attributable to owners of Company		16,163,313,468.89	16,432,211,541.56
Minority interests		2,608,298,347.35	2,791,719,097.49
TOTAL OWNERS' EQUITY		18,771,611,816.24	19,223,930,639.05
TOTAL LIABILITIES AND OWNERS' EQUITY		58,563,184,325.16	54,665,452,229.34

Legal Representative:

Financial Controller:

Head of the Financial Department:



The Parent Company's Balance Sheet

As At 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ASSETS	NOTES	31/12/2024	31/12/2023
CURRENT ASSETS:			
Monetary funds		1,013,899,553.80	1,485,968,011.17
Financial assets held for trading		-	-
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	XII、(1)	38,855,996.59	101,574,861.11
Receivables financing		-	-
Prepayments		22,973,718.95	22,874,373.73
Other receivables	XII、(2)	5,290,942,619.36	4,566,260,915.20
Of which: Interest receivable		-	-
Dividend receivable		-	-
Inventories		-	-
Contract assets		-	-
Assets held for sale		-	-
Non-current assets due within one year		-	-
Other current assets		-	-
TOTAL CURRENT ASSETS		6,366,671,888.70	6,176,678,161.21
NON-CURRENT ASSETS:			
Debt investment		1,500,000,000.00	-
Other debt investments		-	-
Long-term receivables		-	-
Long-term equity investments	XII、(3)	16,012,322,451.01	13,855,749,829.98
Other equity instrument investments		3,803,111,868.62	4,074,898,358.92
Other non-current financial assets		1,692,370,479.36	1,455,705,593.69
Investment properties		-	-
Fixed assets		174,004,357.61	179,584,272.53
Construction in progress		541,280.18	948,725,976.01
Productive biological assets		-	-
Oil and gas assets		-	-
Right-of-use assets		-	-
Intangible assets		1,813,657.36	1,775,503.46
Development expenditure		-	-
Goodwill		-	-
Long-term deferred expenses		-	-
Deferred income tax assets		-	-
Other non-current assets		-	-
TOTAL NON-CURRENT ASSETS		23,184,164,094.14	20,516,439,534.59
TOTAL ASSETS		29,550,835,982.84	26,693,117,695.80

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



The Parent Company's Balance Sheet

As At 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

LIABILITIES AND OWNERS' EQUITY	NOTES	31/12/2024	31/12/2023
CURRENT LIABILITIES:			
Short-term borrowings		1,351,558,611.11	550,886,328.77
Financial liabilities at fair value through profit or loss		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable		-	-
Advance receipts		-	242,469.50
Contract liabilities		919,811.32	-
Employee compensation payable		1,759,786.96	1,049,565.24
Taxes and surcharges payable		9,027,233.06	7,400,653.91
Other payables		1,754,448,842.49	2,515,511,031.53
Of which: Interest payable		-	-
Dividend payable		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year		1,570,063,106.11	2,584,101,854.18
Other current liabilities		55,188.68	-
TOTAL CURRENT LIABILITIES		4,687,832,579.73	5,659,191,903.13
NON-CURRENT LIABILITIES:			
Long-term borrowings		1,825,000,000.00	439,000,000.00
Bonds payable		10,854,105,137.11	8,527,690,033.22
Including: Preference shares			
Perpetual bonds			
Lease liabilities		-	-
Long-term payables		120,923,697.20	152,000,000.00
Long-term staff remuneration payables		-	-
Accrued liabilities		-	-
Deferred income		-	-
Deferred income tax assets		354,461,463.04	373,279,205.54
Other non-current liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		13,154,490,297.35	9,491,969,238.76
TOTAL LIABILITIES		17,842,322,877.08	15,151,161,141.89
OWNERS' EQUITY:			
Paid-in capital		2,375,021,472.87	1,600,000,000.00
Other equity instruments		-	-
Including: Preference shares			
Perpetual Bonds		-	-
Capital reserves		8,787,547,912.52	9,098,319,309.79
Less: treasury shares		-	-
Other comprehensive income		1,003,017,595.94	1,031,428,728.22
Special reserves		-	-
Surplus reserves		7,544,576.74	7,544,576.74
Undistributed profits		-464,618,452.31	-195,336,060.84
TOTAL OWNERS' EQUITY		11,708,513,105.76	11,541,956,553.91
TOTAL LIABILITIES AND OWNERS' EQUITY		29,550,835,982.84	26,693,117,695.80

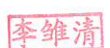
Legal Representative:



Financial Controller:



Head of the Financial Department:





Consolidated Income Statement

For The Year Ended 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Operating revenue	V, (54)	10,156,025,226.12	10,170,913,072.67
Of which: Operating revenue	V, (54)	10,156,025,226.12	10,170,913,072.67
Interest income*		-	-
Earned premium		-	-
Handling charges and commission income		-	-
II. Total operating costs		10,469,630,030.78	10,290,064,552.97
Of which: Operating costs	V, (54)	8,333,433,683.03	8,344,828,799.65
Interest expense*		-	-
Commission and brokerage expenses*		-	-
Surrenders*		-	-
Net claims paid*		-	-
Change in insurance contract reserves.net*	V, (55)	10,889,247.05	21,536,954.89
Policyholder dividend expense*		-	-
Expenses for reinsurance accepted*		-	-
Tax and surcharges	V, (56)	120,400,129.52	121,010,019.87
Selling and distribution expenses	V, (57)	162,379,850.10	176,000,373.99
General and administrative expenses	V, (58)	878,575,291.66	856,865,831.87
Research and development expenditure	V, (59)	133,985,774.82	145,367,545.96
Finance expenses	V, (60)	829,966,054.60	624,455,026.74
Including: Interest expenses		991,188,321.20	735,173,222.64
Interest income		161,799,499.28	142,009,134.21
Add: Other income	V, (61)	31,859,351.73	36,011,426.49
Investment income("denotes loss)	V, (62)	194,716,821.29	1,001,523,702.80
Including: Investment income from associates and joint ventures		131,823,705.01	159,666,496.03
Gains on derecognition of financial assets measured at		-	-
Exchange gains("denotes loss)*		-	-
Gains / (losses) on net exposure to hedging risk ("denotes loss)		-	-
Gains/losses on changes in fair values("denotes loss)	V, (63)	131,952,661.31	-90,544,111.66
Credit impairment losses("denotes loss)	V, (64)	-203,450,023.86	-561,327,498.91
Asset impairment losses("denotes loss)	V, (65)	265,814,896.94	-262,473,841.30
Gains/losses on assets disposal("denotes loss)	V, (66)	10,727,103.36	67,374,870.80
III. Operating profit/loss("denotes loss)		118,016,006.11	71,413,067.92
Add: Non-operating income	V, (67)	21,490,576.28	122,740,425.88
Less: Non-operating expenses	V, (68)	29,704,874.61	29,383,292.86
IV. Profit/loss before income tax("denotes loss)		109,801,707.78	164,770,200.94
Less: Income tax expenses	V, (69)	68,321,989.38	60,984,755.90
V. Net profit/loss("denotes loss)		41,479,718.40	103,785,445.04
(I) Classified by continuity of business			
1. Net profit/loss from continuing operations("denotes loss)		41,479,718.40	103,785,445.04
2. Net profit/loss from discontinued operations("denotes loss)		-	-
(II) Classified by ownership attribution			
1. Net profit attributable to owners of parent company("denotes		88,353,372.76	101,739,184.52
2. Profit/loss attributable to minority shareholders("denotes loss)		-46,873,654.36	2,046,260.52
VI. Other comprehensive income.net of tax		-796,815,339.43	-1,126,260,695.91
(I) Total other comprehensive income attributable to oners of parent		-796,289,148.12	-1,120,912,253.90
1. Other comprehensive income that will not be reclassified to profit and		-823,278,116.56	-1,118,026,091.28
loss in subsequent periods			
(1) Changes in remeasurement of defined benefit plan		-	-
(2) Other comprehensive income that cannot be reclassified to profit		-	-
or loss under the equity method			
(3) Other equity instrument investments -Changes in fair value		-823,278,116.56	-1,118,026,091.28
(4) Changes in fair value of own credit risk		-	-
(5) Other		-	-
2. Other comprehensive income that will be reclassified to profit and		26,988,968.44	-2,886,162.62
loss in subsequent periods			
(1) Other comprehensive income that can be reclassified to profit or		2,458,001.96	-2,546,759.68
loss under the equity method			
(2) Change in fair value of other debt investments		24,906,785.99	3,784,893.30
(3) Amount reclassified from financial assets to other comprehensive			
income			
(4) Provision for credit loss of other debt investments		-317,204.71	2,321,355.71
(5) Cash flow hedging reserve		-	-
(6) Translation difference of financial statements in foreign currency		-58,614.80	-11,952.16
(7) Other		-	-6,433,699.79
(II) Other comprehensive income attributable to minority shareholders.net		-526,191.31	-5,348,442.01
VI. Total comprehensive income /loss		-755,335,621.03	-1,022,475,250.87
(I) Total comprehensive income attributable to owners of parent		-707,935,775.36	-1,019,173,069.38
(II) Total comprehensive income attributable to non-controlling		-47,399,845.67	-3,302,181.49
V. Earnings per share:			
(I) Basic earnings per share(Yuan/share)			
(II) Diluted earnings per share(Yuan/share)			

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清

Consolidated cash flow statement

For The Year Ended 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Operating revenue	XII, (4)	772,976,085.57	101,327,540.39
Less: Operating costs	XII, (4)	619,749,115.05	-
Tax and surcharges		1,975,498.76	2,576,335.27
Selling and distribution expenses		-	-
General and administrative expenses		24,842,594.14	21,925,936.74
Research and development expenditure		-	-
Finance expenses		589,394,361.12	475,062,051.61
Including: Interest expenses		595,212,896.94	470,791,533.28
Interest income		9,256,922.45	8,804,296.54
Add: Other income		51,166.67	-
Investment income ("-"denotes loss)	XII, (5)	179,957,373.35	415,694,756.86
Including: Investment income from associates and joint ventures		37,537,083.03	29,268,277.88
Gains on derecognition of financial assets measured at amortised			
Gains on net exposure to hedging risk ("-"denotes loss)			
Gains /losses on changes in fair values ("-"denotes loss)		31,580,586.07	-125,846,089.28
Credit impairment losses ("-"denotes loss)		-	-
Asset impairment losses ("-"denotes loss)		-	-
Gains/losses on assets disposal ("-"denotes loss)		-	-
II. Operating profit/loss ("-"denotes loss)		-251,396,357.41	-108,388,115.65
Add: Non-operating income		16,000.00	1,089.29
Less: Non-operating expenses		2,518,887.54	1,747.87
III. Profit/loss before income tax ("-"denotes loss)		-253,899,244.95	-108,388,774.23
Less: Income tax expenses		7,895,146.52	-33,108,029.32
IV. Net profit/loss ("-"denotes loss)		-261,794,391.47	-75,280,744.91
(I) Net profit/loss from continuing operations ("-"denotes loss)		-261,794,391.47	-75,280,744.91
(II) Net profit/loss from discontinued operations ("-"denotes loss)		-	-
V. Other comprehensive income, net of tax		-28,411,132.28	-397,244,348.23
(I) Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-36,357,172.76	-399,037,682.01
1. Changes in remeasurement of defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		-	-
3. Other equity instrument investments -Changes in fair value		-36,357,172.76	-399,037,682.01
4. Changes in the fair value of the business's own credit risk		-	-
5. Other		-	-
(II) Other comprehensive income that will be reclassified to profit or loss in subsequent periods		7,946,040.48	1,793,333.78
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		722,111.95	-
2. Change in fair value of other debt investments		7,317,116.95	1,111,578.81
3. Amount reclassified from financial assets to other comprehensive		-	-
4. Provision for credit impairment of other debt investments		-93,188.42	681,754.97
5. Cash flow hedging reserve		-	-
6. Translation difference of financial statements in foreign currency		-	-
7. Other		-	-
VI. Total comprehensive income/loss		-290,205,523.75	-472,525,093.14

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清



Consolidated Company's cash flow statement

For The Year Ended 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		10,176,998,952.22	11,963,803,842.56
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in borrowings from central bank*			
Net increase in placements from other financial institutions*			
Premiums received from original insurance contracts*			
Net cash received from reinsurance business*			
Net increase in deposits and investments from policyholders*			
Cash received on interest, handling fee and commission*			
Net increase in placements from banks and other financial institutions*			
Net increase in repurchase business capital*			
Net cash received from dealing in securities*			
Tax rebates received		5,884,085.22	4,910,407.12
Cash receipts relating to other operating activities		3,259,888,329.18	2,474,332,888.84
Subtotal of cash inflows from operating activities		13,442,771,366.62	14,443,047,138.52
Cash paid for goods and services		10,051,849,405.98	10,719,971,731.16
Net increase in loans and advances to customers*			
Net increase in deposits with central bank and other financial institutions*			
Original insurance contract claims paid*			
Net increase in placements from banks and other financial institutions*			
Cash paid for interest, handling fees and commissions*			
Policyholder dividend paid*			
Cash paid to and for employees		1,199,468,175.58	1,237,192,716.93
Payments of taxes and surcharges		449,919,263.61	489,771,111.57
Cash payments relating to other operating activities		1,676,948,862.92	1,973,552,083.40
Subtotal of cash outflows from operating activities		13,378,185,708.09	14,420,487,643.06
Net cash flows from operating activities		64,585,658.53	22,559,495.46
II. Cash flows from investing activities:			
Cash received from disposal of investments		327,911,068.41	872,488,595.39
Cash received from investment income		85,112,489.66	520,602,521.77
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10,761,736.48	51,702,035.87
Net cash received from disposal of subsidiaries and other business units		-	-
Cash receipts relating to other investing activities		-	-
Subtotal of cash inflows from investing activities		423,785,294.55	1,444,793,153.03
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		677,367,992.33	584,939,569.78
Cash paid for investments		1,863,000,000.00	2,216,650,208.22
Net increase in pledge loans*		-	-
Net cash payments from subsidiaries and other business units		-	-
Cash payments relating to other investing activities		301,489,326.35	667,692,604.32
Subtotal of cash outflows from investing activities		2,841,857,318.68	3,469,282,382.32
Net cash flows from investing activities		-2,418,072,024.13	-2,024,489,229.29
III. Cash flows from financing activities:			
Cash received from absorbing investments		770,000,000.00	2,591,603,295.00
Including: cash received from subsidiaries absorbing minority shareholders' investments		-	-
Cash received from borrowings		10,589,409,075.86	10,165,415,773.46
Cash receipts relating to other financing activities		1,711,218.53	3,494,486.02
Subtotal of cash inflows from financing activities		11,361,120,294.39	12,760,513,554.48
Cash repaid for debts		8,342,987,409.69	7,398,276,497.51
Cash paid for distribution of dividends, profits and interest payments		1,099,437,526.86	901,152,340.78
Including: Dividends and profits paid by subsidiaries to non-controlling interests		-	-
Cash payments relating to other financing activities		431,567,591.21	79,293,764.63
Subtotal of cash outflows from investing activities		9,873,992,527.76	8,378,722,602.92
Net cash flows from financing activities		1,487,127,766.63	4,381,790,951.56
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-83,947.96	-560,870.42
V. Net increase in cash and cash equivalents			
		-866,442,546.93	2,379,300,347.31
Add: Opening balance of cash and cash equivalents as at the beginning of the		7,823,536,161.39	5,444,235,814.08
VI. Balance of cash and cash equivalents as at the end of the period		6,957,093,614.46	7,823,536,161.39

Legal Representative:



Financial Controller:



Head of the Financial Department:



The Parent Company's cash flow statement

For The Year Ended 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	NOTES	Current Year	Prior Year
I.Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,212,084,382.21	584,326,497.56
Tax rebates received		-	-
Cash receipts relating to other operating activities		15,080,607,160.28	16,646,417,298.38
Subtotal of cash inflows from operating activities		16,292,691,542.49	17,230,743,795.94
Cash paid for goods and services		1,000,563,389.73	583,520,787.61
Cash paid to and for employees		10,417,129.38	8,025,291.51
Payments of taxes and surcharges		10,739,371.81	4,309,974.98
Cash payments relating to other operating activities		13,923,210,723.07	19,392,531,801.47
Subtotal of cash outflows from operating activities		14,944,930,613.99	19,988,387,855.57
Net cash flows from operating activities		1,347,760,928.50	-2,757,644,059.63
II.Cash flows from investing activities:			
Cash received from disposal of investments		580,934,934.23	635,316,726.77
Cash received from investment income		147,258,511.47	398,562,235.82
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		-	57,650.32
Net cash received from disposal of subsidiaries and other business units		-	-
Cash receipts relating to other investing activities		-	-
Subtotal of cash inflows from investing activities		728,193,445.70	1,033,936,612.91
Cash paid for purchase of fixed assets,intangible assets and other long-term assets		309,500.01	18,458,622.52
Cash paid for investments		4,042,130,874.00	1,519,937,565.17
Net cash payments from subsidiaries and other business units		-	-
Cash payments relating to other investing activities		1,489,326.35	80,628,360.00
Subtotal of cash outflows from investing activities		4,043,929,700.36	1,619,024,547.69
Net cash flows from investing activities		-3,315,736,254.66	-585,087,934.78
III.Cash flows from financing activities:			
Cash received from absorbing investments		570,000,000.00	500,000,000.00
Cash received from borrowings		6,960,000,000.00	8,166,500,000.00
Cash receipts relating to other financing activities		-	-
Subtotal of cash inflows from financing activities		7,530,000,000.00	8,666,500,000.00
Cash repaid for debts		5,202,271,957.47	3,521,130,766.37
Cash paid for dividend and profit distribution or interest		870,471,097.84	437,098,591.39
Cash payments relating to other financing activities		10,596,555.61	25,548,084.00
Subtotal of cash outflows from investing activities		6,083,339,610.92	3,983,777,441.76
Net cash flows from financing activities		1,446,660,389.08	4,682,722,558.24
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V.Net increase in cash and cash equivalents		-521,314,937.08	1,339,990,563.83
Add:Opening balance of cash and cash equivalents as at the beginning of the period		1,413,191,144.61	73,200,580.78
VI.Closing balance of cash and cash equivalents as at the end of the period		891,876,207.53	1,413,191,144.61

Legal Representative:



Financial Controller:

崔强

Head of the Financial Department:

李维清

Consolidated statement of changes in owners' equity
For The Year Ended 31 December 2024

Prepared by Ziaa Capital Holding Group Co., Ltd.

Unit: RMB

ITEMS	Current Year														Minority interest	Total owner's equity
	Equity attributable to shareholders of the Company															
	Share capital	Preference shares	Other equity instruments		Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General Risk Reserve	Retained profit	Other	Subtotal			
	Perpetual bonds	Others														
I. Balance as at the end of the prior year	1,600,000,000.00	-	-	23,548,737.74	10,103,506,915.07	-	5,497,043,562.25	47,334,072.47	7,544,576.74	21,615,448.37	-868,381,771.08	-	16,432,211,541.56	2,791,719,097.49	19,223,930,639.05	
Add: Adjustment for changes in accounting policies													-	-	-	
Corrections of errors or prior period																
Others																
II. Balance as at the beginning of the year	1,600,000,000.00	-	-	23,548,737.74	10,103,506,915.07	-	5,497,043,562.25	47,334,072.47	7,544,576.74	21,615,448.37	-868,381,771.08	-	16,432,211,541.56	2,791,719,097.49	19,223,930,639.05	
III. Changes in the period ("-" denotes decrease)	775,021,472.87	-	-	-	-299,439,660.70	-	-796,289,148.12	9,110,435.02	-	5,387,154.39	37,311,673.87	-	-268,898,072.67	-183,420,750.14	-482,318,822.81	
(I) Total comprehensive income							-796,289,148.12				37,311,673.87		-268,898,072.67	-183,420,750.14	-482,318,822.81	
(II) Capital paid in and reduced by shareholder	775,021,472.87	-	-	-	-299,886,766.32	-	-	-	-	-			-299,886,766.32	-203,438.45	-300,090,204.77	
1. Ordinary shares contributed by shareholders	775,021,472.87	-	-	-	-299,886,766.32	-	-	-	-	-			-299,886,766.32	-203,438.45	-300,090,204.77	
2. Capital paid by holders of other equity instruments																
3. Amount of share-based payments recognised in shareholders' equity																
4. Others					-299,886,766.32											
(III) Profit distribution										5,387,154.39	-10,449,383.00		-5,062,228.61	-141,249,205.66	-146,311,434.27	
1. Transfer to surplus reserves																
2. Transfer to general reserves*										5,387,154.39	-5,387,154.39					
3. Distribution to shareholders											-5,062,228.61		-5,062,228.61	-141,249,205.66	-146,311,434.27	
4. Others																
(IV) Internal transfer of owners' equity																
1. Transfer from capital reserve to equity (or share capital)																
2. Transfer from surplus reserve to equity (or share capital)																
3. Transfer from surplus reserve to make up for loss																
4. Set up benefit plan changes to carry forward retained earnings																
5. Other comprehensive income is carried forward to retained earnings																
6. Others																
(V) Special reserves								9,110,435.02					9,110,435.02	3,555,814.23	12,666,249.25	
1. Appropriated in the period								30,202,371.40					30,202,371.40	22,008,953.38	52,211,324.78	
2. Used in the period								21,091,936.38					21,091,936.38	18,453,139.15	39,545,075.53	
(VI) Others					447,105.62						-40,592,315.89		-40,145,210.27	700,925.41	-39,444,284.86	
IV. Balance as at the end of the period	2,375,021,472.87	-	-	23,548,737.74	9,804,067,254.37	-	4,700,754,414.13	56,444,507.49	7,544,576.74	27,002,602.76	-831,070,097.21	-	16,163,313,468.89	2,608,298,347.35	18,771,611,816.24	

Legal Representative:

Financial Controller:

Head of the Financial Department:

薛云
3709033234312

崔强

李维清

Consolidated statement of changes in owners' equity

For The Year Ended 31 December 2024

Prepared by Zibo Caitin Holding Group Co., Ltd.

Unit: RMB

ITEMS	Equity attributable to shareholders of the Company														Minority interest	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General Risk Reserve	Retained profit	Other	Subtotal			
		Preference shares	Perpetual bonds	Others												
I. Balance as at the end of the prior year	1,100,000,000.00	-	-	23,548,737.74	10,033,414,218.86	-	6,617,955,816.15	34,021,688.13	7,544,576.74	16,151,713.89	-963,189,820.23	-	16,869,446,931.28	2,885,471,780.91	19,754,918,712.19	
Add: Adjustments for changes in accounting policies											-55,387.34		-55,387.34	31,858.14	-23,529.20	
Correction of errors of prior period																
Others																
II. Balance as at the beginning of the year	1,100,000,000.00	-	-	23,548,737.74	10,033,414,218.86	-	6,617,955,816.15	34,021,688.13	7,544,576.74	16,151,713.89	-963,245,207.57	-	16,869,391,543.94	2,885,503,639.05	19,754,895,182.99	
III. Changes in the period ("—" denotes decrease)	500,000,000.00	-	-	-	70,092,696.21	-	-1,120,912,253.90	13,312,384.34	-	5,463,734.48	94,863,436.49	-	-437,180,002.38	-93,784,541.56	-530,964,543.94	
(I) Total comprehensive income							-1,120,912,253.90				101,739,184.52		-1,019,173,069.38	-3,302,181.49	-1,022,475,250.87	
(II) Capital paid in and reduced by shareholder	500,000,000.00	-	-	-	67,647,234.38	-	-	-	-	-	-	-	567,647,234.38	59,355,707.08	627,002,941.46	
1. Ordinary shares contributed by shareholders	500,000,000.00	-	-	-		-	-	-	-	-	-	-	500,000,000.00	35,834,720.00	535,834,720.00	
2. Capital paid by holders of other equity instruments		-	-	-		-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payments recognised in shareholders' equity		-	-	-		-	-	-	-	-	-	-	-	-	-	
4. Others					67,647,234.38	-	-	-	-	-	-	-	67,647,234.38	23,520,987.08	91,168,221.46	
(III) Profit distribution						-	-	-	-	5,463,734.48	-12,684,734.48	-	-7,221,000.00	-161,505,019.31	-168,726,019.31	
1. Transfer to surplus reserves						-	-	-	-	5,463,734.48	-5,463,734.48	-	-	-	-	
2. Transfer to general reserves*						-	-	-	-	5,463,734.48	-5,463,734.48	-	-	-	-	
3. Distribution to shareholders						-	-	-	-	-	-7,221,000.00	-	-7,221,000.00	-161,505,019.31	-168,726,019.31	
4. Others						-	-	-	-	-	-	-	-	-	-	
(IV) Internal transfer of owners' equity						-	-	-	-	-	-	-	-	-	-	
1. Transfer from capital reserve to equity (or share capital)						-	-	-	-	-	-	-	-	-	-	
2. Transfer from surplus reserve to equity (or share capital)						-	-	-	-	-	-	-	-	-	-	
3. Transfer from surplus reserve to make up for loss						-	-	-	-	-	-	-	-	-	-	
4. Set up benefit plan changes to carry forward retained earnings						-	-	-	-	-	-	-	-	-	-	
5. Other comprehensive income is carried forward to retained earnings						-	-	-	-	-	-	-	-	-	-	
6. Others						-	-	-	-	-	-	-	-	-	-	
(V) Special reserves						-	-	13,312,384.34	-	-	-	-	13,312,384.34	6,146,753.57	19,459,137.91	
1. Appropriated in the period						-	-	24,079,999.96	-	-	-	-	24,079,999.96	14,812,128.74	38,892,128.70	
2. Used in the period						-	-	10,767,615.62	-	-	-	-	10,767,615.62	8,665,375.17	19,432,990.79	
(VI) Others					2,445,461.83	-	-	-	-	5,808,986.45	-	-	8,254,448.28	5,520,198.59	13,774,646.87	
IV. Balance as at the end of the period	1,600,000,000.00	-	-	23,548,737.74	10,103,506,915.07	-	5,497,043,562.25	47,334,072.47	7,544,576.74	21,615,448.37	-868,381,771.08	-	16,432,211,541.56	2,791,719,097.49	19,223,930,639.05	

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



The Parent Company's statement of changes in owners' equity
For The Year Ended 31 December 2024

Prepared by: Zibo Cailin Holding Group Co., Ltd.

Unit: RMB

ITEMS	Current Year										
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total owner's equity
I. Balance as at the end of the prior year	1,600,000,000.00	-	-	-	9,098,319,309.79	-	1,031,428,728.22	-	7,544,576.74	-195,336,060.84	11,541,956,553.91
Add: Adjustment for changes in accounting policies											-
Corrections of errors of prior period											-
Others											-
II. Balance as at the beginning of the year	1,600,000,000.00	-	-	-	9,098,319,309.79	-	1,031,428,728.22	-	7,544,576.74	-195,336,060.84	11,541,956,553.91
III. Changes in the period ("-" denotes decrease)	775,021,472.87	-	-	-	-310,771,397.27	-	-28,411,132.28	-	-	-269,282,391.47	166,556,551.85
(I)Total comprehensive income							-28,411,132.28			-261,794,391.47	-290,205,523.75
(II)Capital paid in and reduced by shareholder	775,021,472.87	-	-	-	-310,771,397.27	-	-	-	-	-	464,250,075.60
1.Ordinary shares contributed by shareholders	775,021,472.87										775,021,472.87
2.Capital paid by holders of other equity instruments											-
3.Amount of share-based payments recognised in shareholders' equity											-
4.Others					-310,771,397.27						-310,771,397.27
(III)Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1.Appropriation to surplus reserves											-
2.Distribution to shareholders											-
3.Others											-
(IV)Internal transfer of owners'equity	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserve to equity(or share capital)											-
2. Transfer from surplus reserve to equity (or share capital)											-
3. Transfer from surplus reserve to make up for loss											-
4. Set up benefit plan changes to carry forward retained earnings											-
5. Other comprehensive income is carried forward to retained earnings											-
6.Others											-
(V)Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated in the period											-
2. Used in the period											-
(VI)Others										-7,488,000.00	-7,488,000.00
IV. Balance as at the end of the period	2,375,021,472.87	-	-	-	8,787,547,912.52	-	1,003,017,595.94	-	7,544,576.74	-464,618,452.31	11,708,513,105.76

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



The Parent Company's statement of changes in owners' equity

For The Year Ended 31 December 2024

Prepared by: Zibo Caijin Holding Group Co., Ltd.

Unit: RMB

ITEMS	Prior Year										
	Share capital	Preference shares	Other equity instruments		Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained profit	Total owner's equity
I. Balance as at the end of the prior year	1,100,000,000.00	-	-	-	9,119,319,309.79	-	1,428,673,076.45	-	7,544,576.74	-112,869,715.93	11,542,667,247.05
Add: Adjustment for changes in accounting policies											-
Corrections of errors of prior period											-
Others											-
II. Balance as at the beginning of the year	1,100,000,000.00	-	-	-	9,119,319,309.79	-	1,428,673,076.45	-	7,544,576.74	-112,869,715.93	11,542,667,247.05
III. Changes in the period ("-" denotes decrease)	500,000,000.00	-	-	-	-21,000,000.00	-	-397,244,348.23	-	-	-82,466,344.91	-710,693.14
(I) Total comprehensive income							-397,244,348.23			-75,280,744.91	-472,525,093.14
(II) Capital paid in and reduced by shareholder	500,000,000.00	-	-	-	-21,000,000.00	-	-	-	-	-	479,000,000.00
1. Ordinary shares contributed by shareholders	500,000,000.00										500,000,000.00
2. Capital paid by holders of other equity instruments											-
3. Amount of share-based payments recognised in											-
4. Others					-21,000,000.00						-21,000,000.00
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves											-
2. Distribution to shareholders											-
3. Others											-
(IV) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserve to equity (or share											-
2. Transfer from surplus reserve to equity (or share capital)											-
3. Transfer from surplus reserve to make up for loss											-
4. Set up benefit plan changes to carry forward retained earnings											-
5. Other comprehensive income is carried forward to											-
6. Others											-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated in the period											-
2. Used in the period											-
(VI) Others										-7,185,600.00	-7,185,600.00
IV. Balance as at the end of the period	1,600,000,000.00	-	-	-	9,098,319,309.79	-	1,031,428,728.22	-	7,544,576.74	-195,336,060.84	11,541,956,553.91

Legal Representative:

Financial Controller:

崔强

Head of the Financial Department:

李维清



Zibo Caijin Holding Group Co.,Ltd.

Notes to The Financial Statements

For The Year Ended 31 December 2024

I. Basic information about the Company

1. Place of Registration, Organizational Form and Headquarters Address

Zibo Finance and Capital Holding Group Co., Ltd. (hereinafter referred to as "the Company") , formerly known as Zibo Financial Holding Co., Ltd., was incorporated on 19 December 2012 and obtained the Business License for Enterprise Legal Person issued by Zibo Administration for Industry and Commerce. Its Unified Social Credit Identifier is 91370300059038716J.

As of 31 December 2024, the registered capital of the Company stood at RMB 3,000.00 million. The registered address is 19th Floor, Finance Building, No. 228 West Renmin Road, Zhangdian District. The legal representative of the Company is Xue Yun. The shareholder and ultimate controller of the Company is Finance Bureau of Zibo City.

2. Industry Category and Business Scope

The Company is classified as Comprehensive Industry Category III. Its business scope is as follows: investing in unlisted enterprises and privately placed shares of listed companies with self-owned funds in compliance with regulatory requirements; construction and operation of infrastructure; construction and operation of industrial parks and standard factory buildings; venture capital consulting; venture management services; asset management and operation entrusted by the municipal government. (For projects subject to approval in accordance with laws and regulations, relevant business activities shall be carried out only after obtaining approvals from competent authorities.)

3. Approver and Approval Date of the Financial Statements

These financial statements were approved for issuance by the Board of Directors of the Company on 29 April 2025.

II. Basis for Preparation of Financial Statements

1. Basis for preparation of financial statements

The Company's financial statements are prepared on a going-concern basis and based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises-Basic Standards promulgated by the Ministry of Finance and specific accounting standards, the application guidelines of the Accounting Standards for Business Enterprises, interpretations and other related rules of the Accounting Standards for Business Enterprises (hereinafter referred to as "ASBEs"), and the disclosure requirements of the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2023) of China Securities Regulatory Commission.

2. The statements of going concern basis

The Company has assessed its ability to continue as a going concern for the twelve months from the end of the reporting period, and no events or conditions that cast significant doubt on its ability to continue as a going concern have been identified. Accordingly, these financial statements have been prepared on the basis of the going concern assumption.

III. Significant Accounting Policies and Accounting Estimates

1. The statements of Compliance with Enterprise Accounting Standards

The financial statements have been prepared by the Company in conformity with the ASBEs, which truly and fully reflect the Company's financial position and relevant information such as the operating results and cash flows.

2. Accounting period

The accounting year of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

Ordinary operating cycle refers to the period from acquisition of assets used for processing by the Company until their realisation in cash or cash equivalents. The operating cycle of the Company lasts for 12 months, and acts as an indicator for classification of liquidity of assets and liabilities.

4. Functional currency

The functional currency of the Company is Renminbi (RMB), which is also the presentation currency used for preparing the financial statements. The functional currencies adopted by the Company and its subsidiaries are determined based on the currency mainly used for pricing, billing and settlement of primary business receipts and payments.

5. Accounting Treatment for Business Combinations under Common Control and Business Combinations Not under Common Control

(1) Where the terms, conditions and economic effects of each transaction in a stepwise business combination satisfy one or more of the following criteria, the multiple transactions shall be accounted for as a single bundled transaction:

The transactions are entered into simultaneously or formulated with mutual impacts taken into consideration;

① The transactions as a whole can achieve a complete commercial outcome;

② The completion of one transaction is contingent on the completion of at least one other transaction;

③ A single transaction is uneconomical when viewed in isolation, but becomes economical when considered together with other transactions.

(2) Business Combinations under Common Control

A business combination under common control refers to a combination where all combining entities are ultimately controlled by the same party or the same group of parties both before and after the combination, and such control is not temporary. The combination date means the date on which the combining entity obtains de facto control over the combined entity.

Assets and liabilities acquired by the Company in a business combination shall be measured at the carrying amounts recorded in the consolidated financial statements of the ultimate controlling party as at the combination date (including goodwill arising from the ultimate controlling party's acquisition of the combined entity), after adjustments for differences in accounting policies. Any difference between the carrying amount of net assets acquired in the combination and the carrying amount of consideration transferred (or the total par value of issued shares) shall be adjusted against capital surplus (share premium). If capital surplus (share premium) is insufficient to offset the difference, retained earnings shall be adjusted accordingly.

Stepwise Achievement of Business Combinations under Common Control

For business combinations implemented through multiple transactions:

① If the multiple transactions constitute bundled transactions, all transactions shall be accounted for as a single transaction to obtain control;

② If the multiple transactions do not constitute bundled transactions, accounting treatments shall be performed on the date control is obtained in accordance with the following procedures:

Separate financial statements

The initial investment cost of the investment equals the Company's share of the carrying amount of the combined entity's net assets recorded in the ultimate controlling party's consolidated financial statements as at the combination date, calculated based on the shareholding ratio as at the combination date. Any difference between the initial investment cost and the sum of the carrying amount of previously held investments plus the carrying amount of new consideration transferred as at the combination date shall be adjusted against capital surplus (share premium). If capital surplus is insufficient to offset the difference, retained earnings shall be adjusted.

Consolidated financial statements

Assets and liabilities of the combined entity acquired by the combining entity in the combination shall be measured at their carrying amounts in the ultimate controlling party's consolidated financial statements as at the combination date after adjustments for differences in accounting policies. For long-term equity investments held by the combining entity prior to obtaining control over the combined entity, any profit or loss, other comprehensive income and other changes in owners' equity recognised between the later of (i) the date of acquiring the original equity interest and (ii) the date when both the combining entity and the combined entity

came under the ultimate common control, and the combination date shall be offset against opening retained earnings of comparative reporting periods or current profit or loss respectively.

(3) Business Combinations Not under Common Control

A business combination not under common control refers to a combination where none of the combining parties are ultimately controlled by the same party or the same group of parties before and after the combination.

The acquisition date is the date on which the Company obtains de facto control over the acquiree, namely the date when control over the acquiree's net assets or operating and financial decisions is transferred to the Company. The transfer of control is generally deemed completed when all the following conditions are met:

The business combination contract or agreement has been approved by the Company's internal authority;

① Where the business combination is subject to approval by relevant competent national authorities, such approval has been obtained;

② Necessary title transfer procedures have been completed;

③ The Company has paid most of the consideration for the combination and possesses the capacity and plan to settle the remaining payment;

④ The Company has de facto controlled the acquiree's financial and operating policies, and is entitled to corresponding benefits and bears corresponding risks.

The consideration transferred for a business combination is the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree as at the acquisition date. Identifiable assets, liabilities and contingent liabilities of the acquiree that meet recognition criteria shall be measured at fair value as at the acquisition date.

Any excess of transferred consideration over the fair value of identifiable net assets of the acquiree acquired shall be recognised as goodwill; any deficit of transferred consideration below the fair value of identifiable net assets of the acquiree acquired shall be recognised in current profit or loss after review.

Stepwise Achievement of Business Combinations Not under Common Control through Multiple Exchange Transactions

Separate financial statements

The initial investment cost of the investment equals the sum of the carrying amount of equity interests held in the acquiree prior to the acquisition date and the cost of new investments made on the acquisition date. Other comprehensive income recognised for equity interests held prior to the acquisition date under the equity method shall not be reclassified on the acquisition date, and shall be accounted for on the same basis as if the investee directly disposed of relevant assets or liabilities upon disposal of the investment. Changes in owners' equity recognised due to other changes in the investee's owners' equity excluding net profit or loss, other comprehensive income and profit distribution shall be reclassified to current profit or loss in the period of investment disposal. For equity interests held prior to the acquisition date measured at fair value, cumulative fair value changes previously recognised in other comprehensive income shall be transferred to retained earnings upon switching to the cost method.

Consolidated financial statements

The consideration transferred for the business combination equals the sum of consideration paid on the acquisition date and the fair value of equity interests already held in the acquiree as at the acquisition date. Equity interests held in the acquiree prior to the acquisition date shall be remeasured at their fair value as at the acquisition date, and any difference between fair value and carrying amount shall be recognised in current profit or loss. Other comprehensive income reclassifiable to profit or loss and other changes in owners' equity arising from equity method investments corresponding to equity interests held prior to the acquisition date shall be reclassified to investment income for the period ending on the acquisition date.

(4) Relevant Costs Incurred for Business Combinations

Direct incremental costs incurred to implement a business combination shall be recognised in current profit or loss as incurred. Transaction costs arising from issuing equity securities or debt securities for business combinations shall be included in the initial carrying amount of such equity or debt securities.

6. Preparation Basis of Consolidated Financial Statements

(1) Consolidation Scope

The consolidation scope of consolidated financial statements is determined based on the

existence of control. Control means the Company has power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to exercise its power over the investee to affect the amount of the investor's returns. A subsidiary refers to an entity controlled by the Company (including enterprises, separable portions within investees, structured entities, etc.).

(2) Consolidation Procedures

The Company prepares consolidated financial statements based on its own financial statements and those of each subsidiary together with other relevant information. In preparing consolidated financial statements, the Company and its subsidiaries adopt consistent accounting policies and accounting periods, and material intercompany transactions and outstanding balances are eliminated.

Subsidiaries and businesses acquired through business combinations under common control during the reporting period shall be included in the consolidation scope as if they have been controlled by the ultimate controlling party since the date of common control. Their operating results and cash flows from the date of common control shall be incorporated into the consolidated statement of profit or loss and consolidated statement of cash flows respectively.

For subsidiaries and businesses acquired through business combinations not under common control during the reporting period, their income, expenses and profits from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss, and their cash flows shall be incorporated into the consolidated statement of cash flows.

Portions of subsidiaries' equity not attributable to the Company shall be separately presented as non-controlling interests under equity in the consolidated statement of financial position. Portions of subsidiaries' net profit or loss attributable to non-controlling interests shall be presented under the item "Profit or loss attributable to non-controlling interests" below net profit in the consolidated statement of profit or loss. If losses attributable to non-controlling interests exceed the share of opening equity of the subsidiary attributable to non-controlling interests, the excess amount shall still reduce non-controlling interests.

① Acquisition of Subsidiaries or Businesses

If subsidiaries or businesses are acquired through business combinations under common control during the reporting period: The opening balances of the consolidated statement of financial position shall be restated; Income, expenses and profits of such subsidiaries or businesses

from the beginning of the combination period to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss; Cash flows of such subsidiaries or businesses from the beginning of the combination period to the end of the reporting period shall be incorporated into the consolidated statement of cash flows; Corresponding line items in comparative financial statements shall be adjusted, as if the consolidated reporting entity has existed since the date the ultimate controlling party obtained control.

If subsidiaries or businesses are acquired through business combinations not under common control during the reporting period: The opening balances of the consolidated statement of financial position shall not be restated; Income, expenses and profits of such subsidiaries or businesses from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of profit or loss; Cash flows of such subsidiaries or businesses from the acquisition date to the end of the reporting period shall be incorporated into the consolidated statement of cash flows.

② Disposal of Subsidiaries or Businesses

A) General Accounting Treatment

If the Company disposes of a subsidiary or business during the reporting period, the income, expenses and profits of such subsidiary or business from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of profit or loss, and its cash flows from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of cash flows.

When control over an investee is lost through partial disposal of equity investments or other reasons, the remaining equity investment after disposal shall be remeasured at its fair value as at the date of loss of control. Any difference between the sum of consideration received from disposal and the fair value of remaining equity interests, less the sum of the Company's share of the subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio and allocated goodwill, shall be recognised as investment income for the period in which control is lost. Other comprehensive income reclassifiable to profit or loss and other changes in owners' equity arising from equity method investments corresponding to equity interests in the original subsidiary shall be reclassified to current investment income upon loss of control.

B) Stepwise Disposal of a Subsidiary

For stepwise disposal of equity interests in a subsidiary until loss of control, if the terms, conditions and economic effects of each disposal transaction satisfy one or more of the following criteria, the multiple transactions shall generally be accounted for as a single bundled transaction:

a) The transactions are entered into simultaneously or formulated with mutual impacts taken into consideration:

b) The transactions as a whole can achieve a complete commercial outcome;

c) The completion of one transaction is contingent on the completion of at least one other transaction;

d) A single transaction is uneconomical when viewed in isolation, but becomes economical when considered together with other transactions.

If multiple disposal transactions leading to loss of control constitute bundled transactions, all transactions shall be accounted for as a single transaction of disposing the subsidiary and losing control. However, prior to loss of control, any difference between disposal proceeds from each partial disposal and the corresponding share of the subsidiary's net assets attributable to the disposed investment shall be recognised in other comprehensive income in the consolidated financial statements, and fully reclassified to profit or loss in the period when control is lost.

If multiple disposal transactions leading to loss of control do not constitute bundled transactions, partial disposal of equity interests in the subsidiary without loss of control shall be accounted for in accordance with relevant policies prior to loss of control; upon loss of control, the general accounting treatment for disposal of subsidiaries shall be applied.

③ Acquisition of Additional Non-controlling Interests in a Subsidiary

Any difference between the cost of new long-term equity investments arising from acquisition of non-controlling interests and the Company's additional share of the subsidiary's net assets continuously calculated from the acquisition date (or combination date) based on the new shareholding ratio shall be adjusted against share premium within capital surplus in the consolidated statement of financial position. If share premium is insufficient to offset the difference, retained earnings shall be adjusted.

④ Partial Disposal of Equity Interests in a Subsidiary without Loss of Control

Any difference between disposal proceeds obtained from partial disposal of long-term equity

investments in a subsidiary without loss of control and the corresponding share of the subsidiary's net assets continuously calculated from the acquisition date or combination date attributable to the disposed investment shall be adjusted against share premium within capital surplus in the consolidated statement of financial position. If share premium is insufficient to offset the difference, retained earnings shall be adjusted.

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement refers to an arrangement jointly controlled by two or more parties. Joint control means contractually agreed shared control over an arrangement, whereby decisions on relevant activities of the arrangement require unanimous consent of all parties sharing control. When judging whether joint control exists, the Company shall first assess whether all parties or a group of parties collectively control the arrangement, and secondly assess whether decisions on relevant activities of the arrangement require unanimous consent of such collectively controlling parties.

The Company classifies joint arrangements based on its rights and obligations arising from the arrangements. Joint arrangements are divided into joint operations and joint ventures.

A joint operation is a joint arrangement under which joint operators hold rights to assets and bear obligations for liabilities related to the arrangement. The Company recognises the following items related to its share of interests in a joint operation and accounts for them in accordance with applicable Accounting Standards for Business Enterprises:

Assets held individually and its share of jointly held assets;

Liabilities incurred individually and its share of jointly incurred liabilities;

Income generated from selling its share of output from the joint operation;

Its share of income generated by the joint operation from selling output;

Expenses incurred individually and its share of expenses incurred by the joint operation.

8. Recognition Criteria for Cash and Cash Equivalents

For the preparation of the statement of cash flows, cash includes cash on hand and demand deposits readily available for payment. Cash equivalents refer to short-term investments (generally maturing within three months from the acquisition date) featuring high liquidity, readily convertible into known amounts of cash and insignificant risk of value fluctuation.

9. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(1) Translation of Foreign Currency Transactions

Foreign currency transactions are recorded in Renminbi by translating foreign currency amounts at the spot exchange rate prevailing on the transaction date.

Balances of foreign currency monetary items shall be translated at the spot exchange rate as at the reporting date. Exchange differences arising therefrom shall be recognised in current profit or loss, except for exchange differences on specific foreign currency borrowings attributable to the construction or production of qualifying assets, which shall be capitalised in accordance with the capitalisation principles for borrowing costs. Foreign currency non-monetary items measured at historical cost shall continue to be translated at the spot exchange rate on the transaction date without adjustments to functional currency amounts. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date fair value is determined, and resulting exchange differences shall be recognised in current profit or loss or other comprehensive income.

(2) Translation of Foreign Currency Financial Statements

Assets and liabilities in the statement of financial position shall be translated at the spot exchange rate as at the reporting date. Except for retained earnings, all equity items shall be translated at the spot exchange rate prevailing when such items arise. Income and expenses in the statement of profit or loss shall be translated at the spot exchange rate on the transaction date. Foreign currency translation differences arising from the above translation shall be separately presented as the item “Foreign currency translation differences” under other comprehensive income.

Upon disposal of a foreign operation, foreign currency translation differences related to such

foreign operation presented under other comprehensive income in the statement of financial position shall be reclassified from other comprehensive income to profit or loss in the disposal period. For partial disposal of a foreign operation, a proportionate share of foreign currency translation differences shall be reclassified to profit or loss in the disposal period.

10. Financial Instruments

A financial instrument is a contract that generates a financial asset for one entity and a financial liability or equity instrument for another entity.

(1) Recognition and Derecognition of Financial Instruments

The Company recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset (or part thereof, or part of a group of similar financial assets) shall be derecognised, i.e., written off from accounts and the statement of financial position, when any of the following conditions is met:

Contractual rights to receive cash flows from the financial asset expire;

The Company transfers its contractual rights to receive cash flows from the financial asset, or assumes an obligation under a pass-through arrangement to fully and timely remit all received cash flows to a third party; and either (a) substantially all risks and rewards of ownership of the financial asset are transferred, or (b) although substantially all risks and rewards of ownership are neither transferred nor retained, control over the financial asset is surrendered.

A financial liability shall be derecognised when the obligation is discharged, cancelled or expired. If an existing financial liability is replaced by another financial liability with substantially different terms from the same creditor, or the terms of an existing liability are substantially modified, such replacement or modification shall be accounted for as derecognition of the original liability and recognition of a new liability, with any difference recognised in current profit or loss.

Regular-way purchases or sales of financial assets shall be recognised and derecognised using trade date accounting. A regular-way transaction refers to a purchase or sale of financial assets under a contract whose terms require delivery of assets within the time frame stipulated by regulations or market conventions. The trade date is the date on which the Company commits to

purchase or sell financial assets.

(2) Classification and Measurement of Financial Assets

Upon initial recognition, financial assets are classified into three categories based on the Company's business model for managing financial assets and the contractual cash flow characteristics of instruments: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Financial assets are initially measured at fair value. Trade receivables and notes receivable arising from sales of goods or provision of services without a significant financing component (or financing components with a term of less than one year which are disregarded) shall be initially measured at transaction price.

For financial assets measured at fair value through profit or loss, relevant transaction costs shall be directly recognised in current profit or loss; transaction costs for other categories of financial assets shall be included in their initial carrying amount.

Subsequent measurement of financial assets depends on their classification:

1) Financial Assets Measured at Amortised Cost

A financial asset shall be classified as measured at amortised cost if both of the following criteria are met:

The objective of the business model is to hold the asset to collect contractual cash flows;

The contractual terms generate cash flows on specified dates that solely represent payments of principal and interest on the outstanding principal amount.

Such financial assets generate interest income recognised using the effective interest method. Gains or losses arising from derecognition, modification or impairment shall be recognised in current profit or loss. This category mainly includes monetary funds, trade receivables, notes receivable, other receivables, debt investments and long-term receivables. Debt investments and long-term receivables maturing within one year from the reporting date shall be presented as current portion of non-current assets; debt investments originally maturing within one year shall be presented as other current assets.

2) Financial Assets Measured at Fair Value through Other Comprehensive Income

① Debt Instrument Investments Designated at FVOCI

A financial asset shall be classified as measured at fair value through other comprehensive income if both of the following criteria are met:

The objective of the business model is both to collect contractual cash flows and to sell financial assets;

The contractual terms generate cash flows on specified dates that solely represent payments of principal and interest on the outstanding principal amount.

Interest income is recognised using the effective interest method. Except for interest income, impairment losses and exchange differences recognised in current profit or loss, all other fair value changes shall be recorded in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income shall be reclassified from other comprehensive income to current profit or loss. This category includes financing receivables and other debt investments. Other debt investments maturing within one year from the reporting date shall be presented as current portion of non-current assets; other debt investments originally maturing within one year shall be presented as other current assets.

② Irrevocably Designated Equity Instrument Investments at FVOCI

The Company may make an irrevocable election to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. Only corresponding dividend income (excluding dividends representing partial recovery of investment cost) shall be recognised in current profit or loss; subsequent fair value changes shall be recorded in other comprehensive income without provision for impairment. Upon derecognition, cumulative gains or losses previously recognised in other comprehensive income shall be reclassified from other comprehensive income to retained earnings. Such financial assets are presented as other equity instrument investments.

3) Financial Assets Measured at Fair Value through Profit or Loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income fall into this category. Such assets are subsequently measured at fair value, with all fair value changes recognised in current profit or loss. They are presented as trading financial assets; those maturing more than one year after the reporting date and expected to be held for more than one year shall be presented as other non-current financial assets. Upon initial recognition, the Company may irrevocably designate a financial asset as measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatches, and such

designation is irreversible once made.

(3) Classification and Measurement of Financial Liabilities

Upon initial recognition, financial liabilities are classified into: financial liabilities measured at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments. For financial liabilities measured at fair value through profit or loss, relevant transaction costs shall be directly recognised in current profit or loss; transaction costs for other financial liabilities shall be included in their initial carrying amount.

Subsequent measurement of financial liabilities depends on their classification:

1) Financial Liabilities Measured at Fair Value through Profit or Loss

This category includes trading financial liabilities (including derivatives classified as financial liabilities) and financial liabilities designated as measured at fair value through profit or loss upon initial recognition.

A financial liability is classified as trading if any of the following applies:

It is incurred principally for the purpose of selling or repurchasing in the near term;

It forms part of a portfolio of identifiable financial instruments managed collectively with objective evidence of a short-term profit-taking strategy adopted by the entity;

It is a derivative, excluding derivatives designated and effective as hedging instruments and derivatives qualifying as financial guarantee contracts.

Trading financial liabilities (including derivative financial liabilities) are subsequently measured at fair value. All fair value changes shall be recognised in current profit or loss, except for those arising from hedge accounting.

2) Other Financial Liabilities

Such financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offset of Financial Instruments

Financial assets and financial liabilities shall be presented net in the statement of financial position only when both of the following conditions are satisfied:

The Company possesses a legally enforceable right to offset recognised amounts, and such right is currently exercisable;

The Company intends to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

(5) Financial Guarantee Contracts

A financial guarantee contract is a contract requiring the issuer to compensate the holder for losses incurred if a specified debtor fails to repay amounts due under the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value. Except for financial guarantee contracts designated as financial liabilities measured at fair value through profit or loss, all other financial guarantee contracts are subsequently measured at the higher of (i) the amount of expected credit loss allowance determined as at the reporting date and (ii) the initial measurement amount less cumulative amortisation recognised under revenue recognition principles.

(6) Transfer of Financial Assets

If the Company transfers substantially all risks and rewards of ownership of a financial asset to the transferee, the financial asset shall be derecognised; if substantially all risks and rewards of ownership are retained, the financial asset shall not be derecognised.

If substantially all risks and rewards of ownership are neither transferred nor retained, accounting treatments shall be performed as follows: If control over the financial asset is surrendered, the financial asset shall be derecognised and any resulting assets and liabilities shall be recognised; If control over the financial asset is retained, relevant financial assets shall be recognised to the extent of continuing involvement in the transferred financial asset, with corresponding liabilities recognised.

Where continuing involvement takes the form of a financial guarantee over the transferred financial asset, an asset arising from continuing involvement shall be recognised at the lower of the carrying amount of the financial asset and the maximum guaranteed amount. The maximum guaranteed amount refers to the maximum repayable amount under the consideration received.

11. Determination and Accounting Treatment of Expected Credit Losses

The Company recognises impairment allowances based on expected credit losses for financial

assets measured at amortised cost, receivables and debt investments measured at fair value through other comprehensive income, contract assets defined under Accounting Standard No.14 – Revenue, lease receivables, loan commitments other than those measured at fair value through profit or loss, and financial guarantee contracts (excluding those designated at FVTPL, or arising from transfers of financial assets failing derecognition criteria or generating continuing involvement in transferred financial assets).

(1) Measurement of Expected Credit Losses

Expected credit loss (ECL) refers to a probability-weighted estimate of credit losses weighted by default risk.

Credit loss means the difference between all contractual cash flows due to the Company under contracts and all cash flows expected to be received, discounted at the original effective interest rate, i.e., the present value of total cash shortfalls. For financial assets purchased or originated with credit impairment at origination, discounting shall be performed at the credit-adjusted effective interest rate of the instrument.

The Company calculates the probability-weighted present value of the difference between contractual cash flows and expected cash flows by considering reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions, weighted by default risk, to recognise expected credit losses.

ECLs are measured separately for financial instruments in different stages:

Stage 1: The credit risk of the instrument has not increased significantly since initial recognition – impairment allowance measured at 12-month ECLs;

Stage 2: Credit risk has increased significantly since initial recognition but the instrument is not yet credit-impaired – impairment allowance measured at lifetime ECLs;

Stage 3: The instrument is credit-impaired since initial recognition – impairment allowance measured at lifetime ECLs.

For financial instruments with low credit risk as at the reporting date, the Company assumes that credit risk has not increased significantly since initial recognition.

Lifetime ECLs represent expected credit losses arising from all possible default events over the entire expected life of a financial instrument. 12-month ECLs represent expected credit losses

arising from possible default events within 12 months after the reporting date (or the remaining life if the instrument's expected life is less than 12 months), constituting a portion of lifetime ECLs.

The maximum period considered when measuring ECLs is the longest contractual term over which the Company is exposed to credit risk (including extension options).

Interest income is calculated based on the gross carrying amount (before impairment allowance) and effective interest rate for instruments in Stage 1, Stage 2 and low credit risk instruments. For Stage 3 credit-impaired instruments, interest income is calculated based on amortised cost (gross carrying amount less accumulated impairment allowance) and effective interest rate.

Notes Receivable, Trade Receivables and Contract Assets

For notes receivable, trade receivables and contract assets, impairment allowances shall always be measured at an amount equal to lifetime ECLs, regardless of the existence of significant financing components.

When information required to assess ECLs for an individual financial asset cannot be obtained at reasonable cost, the Company groups notes receivable and trade receivables based on shared credit risk characteristics to calculate ECLs on a collective basis. Grouping criteria are set out below:

① Notes Receivable

Portfolio Name	Grouping Basis
Bank acceptance bills portfolio	Accepted by banks with low credit risk
Trade acceptance bills portfolio	Accepted by enterprises with relatively high credit risk

② Trade Receivables

Portfolio Name	Grouping Basis
Aging portfolio	Receivables with similar credit risk characteristics grouped by ageing schedule
Related party and other portfolio	Related party and other portfolio Judged as having no credit risk based on business nature, including deposits, guarantees, related parties, government authorities, state-owned enterprises, etc.

③ Contract Assets

Portfolio Name	Grouping Basis

Portfolio Name	Grouping Basis
Retention receivables portfolio	Nature of balances
Performance-completed balances not yet settled with customers	Nature of balances

For grouped notes receivable and contract assets, ECLs are calculated by reference to historical credit loss experience, current conditions and forecasts of future economic performance, based on exposure at default and lifetime ECL rates.

For grouped trade receivables, the Company compiles a matching table of trade receivable ageing schedules and lifetime ECL rates by reference to historical credit loss experience, current conditions and forecasts of future economic performance to compute ECLs.

Other Receivables

Other receivables are grouped into portfolios based on shared credit risk characteristics to calculate ECLs collectively, with grouping criteria as follows:

Portfolio Name	Grouping Basis
Ageing portfolio	Other receivables with similar credit risk characteristics grouped by ageing schedule
Related party and other portfolio	Judged as having no credit risk based on business nature, including deposits, guarantees, related parties, government authorities, state-owned enterprises, etc.

ECLs for grouped other receivables are calculated based on exposure at default and either 12-month or lifetime ECL rates as applicable.

Debt Investments and Other Debt Investments

For debt investments and other debt investments, ECLs are calculated based on exposure at default and either 12-month or lifetime ECL rates, categorised by counterparty type and risk exposure based on instrument nature.

(2) Assessment of Significant Increase in Credit Risk

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the default risk as at the reporting date against the default risk at initial recognition to identify relative changes in default risk over the instrument's expected life.

Reasonable and supportable information readily available without undue cost or effort,

including forward-looking information, shall be considered when assessing significant credit risk increase. Key information considered includes:

Failure of debtors to repay principal and interest by contractual due dates;

Material deterioration (actual or expected) in external or internal credit ratings of the financial instrument (if available);

Material deterioration (actual or expected) in the debtor's operating results;

Existing or expected adverse changes in technical, market, economic or legal environments that will materially impair the debtor's repayment capacity to the Company.

Assessment of significant credit risk increase is performed on an individual instrument or portfolio basis depending on instrument nature. For portfolio assessment, instruments are grouped by shared credit risk characteristics such as days past due and credit ratings.

If an instrument is past due for more than 30 days, its credit risk is deemed to have increased significantly.

(3) Credit-impaired Financial Assets

As at each reporting date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at FVOCI are credit-impaired. A financial asset becomes credit-impaired when one or more events occur that exert adverse impacts on estimated future cash flows from the instrument. Evidence of credit impairment includes the following observable facts:

The issuer or debtor experiences significant financial difficulty;

The debtor breaches contractual terms, e.g., default or delay in repayment of interest or principal;

The Company grants concessions to the debtor that it would not otherwise consider due to the debtor's financial distress;

The debtor is likely to enter bankruptcy or other financial restructuring;

Active markets for the financial instrument disappear due to the issuer's financial difficulty;

A financial asset is purchased or originated at a deep discount that reflects incurred credit

losses.

(4) Presentation of Expected Credit Loss Allowances

To reflect changes in credit risk of financial instruments since initial recognition, ECL allowances are remeasured at each reporting date. Any increase or reversal of allowances shall be recognised as impairment loss or gain in current profit or loss. For financial assets measured at amortised cost, impairment allowances reduce the carrying amount of assets presented in the statement of financial position. For debt investments measured at FVOCI, impairment allowances are recognised in other comprehensive income without reducing the carrying amount of assets.

(5) Write-off

If the Company no longer reasonably expects full or partial recovery of contractual cash flows from a financial asset, the gross carrying amount of such asset shall be directly written off. Such write-off constitutes derecognition of the relevant financial asset.

12. Inventories

(1) Classification of Inventories

Inventories consist of goods in transit, raw materials, circulating materials, finished goods, work-in-progress, goods shipped out, materials on consignment for processing, consumable biological assets, etc.

(2) Measurement upon Acquisition and Valuation upon Issue

Inventories are measured at cost upon acquisition. Inventory cost comprises purchase cost, processing cost and other attributable costs.

Inventories issued are valued using the first-in, first-out (FIFO) method.

(3) Basis for Determining Net Realisable Value and Method for Accruing Inventory Write-down Allowances

A full physical stocktake of inventories is performed at the end of each period, and inventory write-down allowances are accrued or adjusted at the lower of cost and net realisable value.

For finished goods, merchandise and materials held for direct sale, net realisable value is

determined as estimated selling price less estimated selling expenses and relevant taxes during normal operating cycles. For materials requiring further processing, net realisable value equals the estimated selling price of finished goods produced less estimated costs to complete, estimated selling expenses and relevant taxes. For inventories held to fulfil sales or service contracts, net realisable value is calculated based on contract prices. If inventory quantities exceed contracted volumes, net realisable value for excess volumes shall be determined based on general market selling prices.

Inventory write-down allowances are accrued on an item-by-item basis at period-end. For large volumes of low-unit-value inventories, allowances are accrued by category. For inventories related to product lines manufactured and sold in the same region with identical or similar end-use purposes and impractical separate measurement, write-down allowances are accrued on a combined basis.

If factors previously causing inventory write-down reverse, the written-down amount shall be recovered and reversed within the limit of previously accrued write-down allowances, with the reversal recognised in current profit or loss.

(4) Inventory Counting System

The perpetual inventory system is adopted.

(5) Amortisation Method for Low-value Consumables and Packaging Materials

Low-value consumables: expensed in full upon issuance;

Packaging materials: expensed in full upon issuance.

13. Contract Assets and Contract Liabilities

(1) Classification and Presentation Rules

The Company presents contract assets or contract liabilities in the statement of financial position based on the timing difference between performance of performance obligations and customer payment. Contract assets and contract liabilities arising under the same contract shall be offset and presented net.

Unconditional rights to consideration from customers (i.e., rights dependent solely on the

passage of time) are classified as receivables. Rights to consideration arising from transfer of goods to customers that are conditional on factors other than the passage of time are classified as contract assets.

Obligations to transfer goods to customers arising from consideration received or receivable from customers are classified as contract liabilities.

(2) Impairment Rules for Contract Assets

Refer to Note III.11 for the determination and accounting treatment of expected credit losses on contract assets.

14. Long-term Equity Investments

Classification and Judgement Criteria for Long-term Equity Investments

(1) Classification of Long-term Equity Investments

Long-term equity investments fall into three categories, namely equity investments through which the investor obtains control or significant influence over the investee, and equity investments in its joint ventures.

(2) Judgement Criteria for Classification of Long-term Equity Investments

① Criteria for judging control over the investee: See Note III.6 herein.

② Criteria for judging significant influence over the investee

Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, without the ability to control or jointly control the formulation of such policies together with other parties.

The Company judges whether it has significant influence over an investee through one or more of the following circumstances:

A. Appointing representatives to the board of directors or similar governing body of the investee. In such cases, by appointing representatives with substantive participation rights, the investor may participate in formulating the investee's financial and operating policies and thereby exercise significant influence over the investee.

B. Participating in the formulation of the investee's financial and operating policies. In such

cases, the Company may submit proposals and opinions for its own benefit during policy formulation, thus exerting significant influence over the investee.

C. Entering into material transactions with the investee. Such transactions are material to the investee's daily operations and accordingly affect its production and operation decisions to a certain extent.

D. Seconding management personnel to the investee. Such management personnel have authority to direct the investee's relevant activities and therefore enable the Company to exercise significant influence.

E. Providing key technical documentation to the investee. Where the investee's production and operation rely on the investor's technology or technical materials, this indicates that the investor has significant influence over the investee.

When judging whether it has significant influence over an investee, the Company is not limited to the existence of one or more of the above circumstances, and shall conduct a comprehensive judgement based on all facts and circumstances.

Equity investments through which the investor has significant influence over an investee are investments in associates.

① Criteria for judging whether an investee is a joint venture

A joint venture of the Company refers to a joint arrangement where the Company only holds rights to the net assets of the arrangement.

For the definition and classification of joint arrangements and judgement criteria for joint control, see Note III.7 herein.

Determination of Initial Cost of Long-term Equity Investments

(1) Long-term Equity Investments Arising from Business Combinations

Business Combinations under Common Control

Where the Company carries out a business combination by paying cash, transferring non-cash assets, assuming liabilities or issuing equity securities as consideration, the initial cost of long-term equity investments shall be the Company's share of the carrying amount of the acquiree's owners' equity recorded in the consolidated financial statements of the ultimate controlling party as at the

combination date. Any difference between the initial investment cost and the consideration transferred shall be adjusted against capital surplus (capital premium or share premium); if capital surplus (capital premium or share premium) is insufficient to offset the difference, retained earnings shall be adjusted.

Where the combining entity issues equity securities as combination consideration, the total par value of issued shares shall be recorded as share capital. Any difference between the initial investment cost of long-term equity investments and the total par value of issued shares shall be adjusted against capital surplus (capital premium or share premium); if capital surplus (capital premium or share premium) is insufficient to offset the difference, retained earnings shall be adjusted.

Business Combinations Not under Common Control

The Company recognises the combination cost determined as at the acquisition date as the initial investment cost of long-term equity investments. The combination cost is the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree as at the acquisition date. Transaction costs on equity securities or debt securities issued by the acquirer as combination consideration shall be included in the initial carrying amount of such equity or debt securities.

For stepwise business combinations not under common control achieved through multiple transactions, the initial investment cost equals the sum of the carrying amount of equity interests held in the acquiree prior to the acquisition date and the cost of new additional investments made on the acquisition date. The Company treats contingent consideration stipulated under combination agreements as part of total transferred consideration, and includes its fair value as at the acquisition date in the total combination cost.

Intermediary fees such as audit fees, legal service fees, valuation and consultancy fees, and other administrative expenses incurred by the combining entity or acquirer for the business combination shall be recognised in profit or loss for the period when incurred.

(2) Long-term Equity Investments Acquired through Other Means

Acquired by cash payment: The initial investment cost equals the actual purchase price paid, including fees, taxes and other necessary expenditures directly attributable to obtaining the long-term equity investment.

Acquired by issuance of equity securities: The initial investment cost equals the fair value of the issued equity securities.

Non-monetary asset exchange: Where a non-monetary asset exchange has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the initial cost of the long-term equity investment received shall be determined based on the fair value of the asset given up, unless there is conclusive evidence that the fair value of the asset received is more reliable. If the above prerequisites are not met, the initial cost of the long-term equity investment received shall be the carrying amount of the asset given up plus relevant taxes payable.

Acquired through debt restructuring: The initial investment cost includes the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset.

Subsequent Measurement and Profit or Loss Recognition Method for Long-term Equity Investments

Long-term equity investments through which the Company obtains control over the investee are accounted for under the cost method.

Long-term equity investments accounted for under the cost method are measured at initial investment cost. Additional investments or recovered investments adjust the cost of long-term equity investments. Cash dividends or profits declared for distribution by the investee are recognised as investment income for the current period.

Long-term equity investments in joint ventures and associates are accounted for under the equity method. Any excess of the initial investment cost over the Company's share of the fair value of the investee's identifiable net assets at the time of investment shall not adjust the initial investment cost of long-term equity investments. Any deficit of the initial investment cost below the Company's share of the fair value of the investee's identifiable net assets at the time of investment shall be recognised in profit or loss for the current period, with a corresponding adjustment to the cost of long-term equity investments.

After obtaining a long-term equity investment, the Company recognises investment income and other comprehensive income respectively based on its share of the investee's net profit or loss and other comprehensive income realised, with a corresponding adjustment to the carrying amount of long-term equity investments. The Company reduces the carrying amount of long-term equity investments by its attributable share of profits or cash dividends declared for distribution by the

investee. For other changes in the investee's owners' equity excluding net profit or loss, other comprehensive income and profit distribution, the Company adjusts the carrying amount of long-term equity investments and records such changes in owners' equity.

When recognising its share of the investee's net profit or loss, the Company adjusts the investee's net profit based on the fair value of the investee's identifiable net assets at the time of investment before recognition.

Where 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 Company's accounting policies and accounting periods, based on which investment income and other comprehensive income shall be recognised.

When recognising the net losses incurred by the investee, the Company writes down the carrying amount of long-term equity investments and other long-term interests that substantially constitute net investments in the investee to zero, unless the Company has an obligation to bear additional losses.

Where the investee subsequently generates net profits, the Company resumes recognising its attributable share of profit after the share of profit offsets the unrecognised share of losses.

When calculating and recognising its attributable share of the investee's net profit or loss, the unrealised internal profit or loss arising from transactions between the Company and its associates or joint ventures shall be eliminated to the extent of the Company's attributable share, on which basis investment income is recognised.

Unrealised internal losses arising from transactions between the Company and the investee that qualify as impairment losses in accordance with Accounting Standard for Business Enterprises No. 8 – Impairment of Assets shall be fully recognised as transaction losses.

Where the Company can exercise significant influence or joint control over the investee (without obtaining control) as a result of additional investments or other reasons, the initial investment cost for switching to the equity method equals the sum of the fair value of the originally held equity investment determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the cost of new additional investments. Where the originally held equity investment is classified as a non-trading equity instrument investment measured at fair value through other comprehensive income, cumulative fair value changes previously recognised in other comprehensive income related to

such investment shall be transferred to retained earnings upon switching to the equity method.

Where the Company loses joint control or significant influence over the investee as a result of partial disposal of equity investments, the remaining equity interests after disposal shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. Any difference between the fair value and carrying amount of such remaining interests as at the date of loss of joint control or significant influence shall be recognised in profit or loss for the current period. Other comprehensive income previously recognised for the original equity investment under the equity method shall be accounted for on the same basis as if the investee directly disposed of the relevant assets or liabilities upon discontinuance of the equity method.

Where the Company loses control over the investee as a result of partial disposal of equity investments, in preparing separate financial statements:

If the remaining equity interests after disposal can exercise joint control or significant influence over the investee, such interests shall be accounted for under the equity method, with adjustments made to treat the remaining interests as if the equity method had been applied since initial acquisition;

If the remaining equity interests after disposal cannot exercise joint control or significant influence over the investee, such interests shall be accounted for in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments.

Upon disposal of long-term equity investments, any difference between their carrying amount and the actual consideration received shall be recognised in profit or loss for the current period. For long-term equity investments accounted for under the equity method, upon disposal of the investment, the portion previously recognised in other comprehensive income shall be accounted for proportionally on the same basis as if the investee directly disposed of the relevant assets or liabilities.

15. Investment Properties

Initial Measurement of Investment Properties

The Company's investment properties include land use rights held for lease, land use rights

held for capital appreciation and subsequent transfer, and buildings held for lease.

Investment properties of the Company are initially measured at cost. The cost of purchased investment properties includes purchase price, relevant taxes and other expenditures directly attributable to the asset. The cost of self-constructed investment properties consists of all necessary expenditures incurred before the asset reaches its intended usable state.

Subsequent Measurement of Investment Properties

The Company adopts the cost model for subsequent measurement of investment properties, and recognises depreciation or amortisation in accordance with consistent policies applied to buildings and land use rights.

16. Property, Plant and Equipment

(1) Recognition and Measurement of Property, Plant and Equipment

Property, plant and equipment are tangible assets held for production of goods, provision of services, rental or administrative purposes, with a useful life exceeding one accounting year. Property, plant and equipment are classified into: buildings and structures, machinery and equipment, electronic equipment, transportation equipment, and other equipment.

An item of property, plant and equipment shall be recognised when both of the following conditions are met:

- 1) It is probable that economic benefits associated with the item will flow to the enterprise;
- 2) The cost of the item can be reliably measured.

Property, plant and equipment of the Company are initially measured at actual cost incurred upon acquisition.

Subsequent expenditures related to an item of property, plant and equipment shall be capitalised into the cost of the asset if it is probable that associated economic benefits will flow to the Company and the cost can be reliably measured. Routine repair expenses of property, plant and equipment that do not meet capitalisation criteria for subsequent expenditures shall be recognised in profit or loss for the current period or allocated to the cost of relevant assets based on the benefited objects when incurred. For replaced components, their carrying amounts shall be

derecognised.

(2) Depreciation Method

Depreciation of property, plant and equipment is provided on a straight-line basis by category, with depreciation rates determined based on asset category, estimated useful life and estimated residual value rate. If individual components of an asset have different useful lives or generate economic benefits for the enterprise in different ways, separate depreciation rates or depreciation methods shall be adopted for each component.

Category of Property, Plant and Equipment	Depreciation Method	Useful Life (Years) Estimated	Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings and Structures	Straight-line	15-35	0.00-5.00	2.71-6.67
Pipeline Operating Equipment	Straight-line	12-20	0.00-5.00	4.75-8.33
Machinery and Equipment	Straight-line	4-20	0.00-5.00	4.75-25.00
Transportation Vehicles	Straight-line	4-6	0.00-6.00	15.67-25.00
Electronic Equipment	Straight-line	1-15	0.00-4.00	6.40-100.00
Others	Straight-line	3-8	0.00-3.00	12.13-33.33

(3) Impairment Test and Impairment Allowance Provision Method for Property, Plant and Equipment: See Note III.21 herein.

(4) Disposal of Property, Plant and Equipment

An item of property, plant and equipment shall be derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any difference between disposal proceeds from sale, transfer, retirement or damage of property, plant and equipment and its carrying amount less relevant taxes shall be recognised in profit or loss for the current period.

17. Construction in Progress

Construction in progress items are recorded at the total expenditures incurred before the related asset reaches its intended usable state, which shall be recognised as the carrying amount of property, plant and equipment.

Where a self-constructed asset under construction has reached its intended usable state but completion settlement formalities have not yet been completed, it shall be transferred to property, plant and equipment at an estimated value based on project budget, construction cost or actual project cost from the date it reaches intended usable state, and depreciation shall be provided in accordance with the Company's depreciation policy for property, plant and equipment. After completion settlement formalities are completed, the original estimated value shall be adjusted to actual cost, while the previously accrued depreciation shall not be adjusted.

18. Borrowing Costs

(1) Recognition Criteria for Capitalisation of Borrowing Costs

Borrowing costs include interest on borrowings, amortisation of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings.

Borrowing costs incurred by the Company that are directly attributable to the construction or production of qualifying assets shall be capitalised and included in the cost of relevant assets. All other borrowing costs shall be recognised as expenses in profit or loss for the period when incurred based on their amount.

Qualifying assets refer to property, plant and equipment, investment properties, inventories and other assets that require a substantial period of construction or production to reach their intended usable or saleable state.

Capitalisation of borrowing costs commences when all of the following conditions are met simultaneously:

1) Asset expenditures have been incurred, including expenditures incurred by way of cash payment, transfer of non-cash assets or assumption of interest-bearing liabilities for the construction or production of qualifying assets;

2) Borrowing costs have been incurred;

3) Construction or production activities necessary to bring the asset to its intended usable or saleable state have commenced.

(2) Capitalisation Period of Borrowing Costs

The capitalisation period refers to the period from the commencement date to the cessation date of borrowing cost capitalisation, excluding periods of suspension of capitalisation.

Capitalisation of borrowing costs ceases when the construction or production of a qualifying asset is completed and the asset reaches its intended usable or saleable state.

Where individual components of a qualifying asset under construction or production are completed separately and can be used independently, capitalisation of borrowing costs for such components shall cease.

Where individual components of a qualifying asset under construction or production are completed separately but can only be used or sold upon full completion of the whole asset, capitalisation of borrowing costs shall cease upon full completion of the entire asset.

(3) Suspension Period of Borrowing Cost Capitalisation

If the construction or production of a qualifying asset is subject to abnormal interruption for a continuous period exceeding three months, capitalisation of borrowing costs shall be suspended. If such interruption is a necessary procedure to bring the qualifying asset to its intended usable or saleable state, capitalisation of borrowing costs shall continue. Borrowing costs incurred during the interruption period shall be recognised in profit or loss for the current period until construction or production activities resume, after which capitalisation shall recommence.

(4) Calculation Method for Capitalised Amount of Borrowing Costs

Specific borrowings raised for the construction or production of qualifying assets: The capitalised amount of borrowing costs is calculated as actual borrowing costs and ancillary fees incurred on specific borrowings for the current period less interest income from unused borrowing funds deposited in banks or investment income from temporary investments.

General borrowings occupied for the construction or production of qualifying assets: The capitalised interest amount of general borrowings is calculated by multiplying the weighted average accumulated asset expenditures exceeding specific borrowings by the capitalisation rate of occupied general borrowings. The capitalisation rate is determined based on the weighted average interest rate of general borrowings.

Where borrowings contain discounts or premiums, the amortised amount of discounts or premiums for each accounting period shall be determined using the effective interest method to adjust interest expenses for each period.

19. Right-of-use Assets

The Company recognises right-of-use assets for all leases at the commencement date of the lease, except for short-term leases and low-value asset leases accounted for under simplified treatment. The commencement date of a lease is the date on which the lessor makes the leased asset available for use by the Company.

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

- (1) The initial measurement amount of lease liabilities;
- (2) Lease payments made on or before the commencement date of the lease, net of lease incentives received where applicable;
- (3) Initial direct costs incurred by the Company;
- (4) Estimated costs to be incurred by the Company for dismantling and removing the leased asset, restoring the site of the leased asset or returning the leased asset to the condition stipulated under the lease terms, excluding costs incurred for inventory production.

If the Company can reasonably determine that ownership of the leased asset will be obtained upon expiry of the lease term, depreciation of the right-of-use asset shall be provided over the remaining useful life of the leased asset. If ownership cannot be reasonably determined to be obtained upon lease expiry, depreciation shall be provided over the shorter of the lease term and the remaining useful life of the leased asset.

The Company assesses whether impairment has occurred to right-of-use assets and performs corresponding accounting treatment in accordance with Note III.21 “Impairment of Long-term Assets” herein.

After the commencement date of the lease, if any of the following circumstances arise, the Company shall remeasure lease liabilities and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference shall be recognised in profit or loss for the current period:

- (1) Where the assessment results or actual exercise of purchase options, renewal options or termination options change, the Company remeasures lease liabilities at the present value

calculated based on revised lease payments and revised discount rates;

(2) Where substantive fixed payments change, estimated payable amounts of residual guarantees change, or indices or ratios used to determine lease payments change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and the original discount rate. However, if changes in lease payments arise from floating interest rate fluctuations, revised discount rates shall be used to calculate present value.

20. Intangible Assets

(1) Measurement Method for Intangible Assets

1) Initial Measurement upon Acquisition at Cost

The cost of purchased intangible assets includes purchase price, relevant taxes and other expenditures directly attributable to bringing the asset to its intended use. Where payment for intangible assets is deferred beyond normal credit terms with a financing nature, the cost of intangible assets shall be determined based on the present value of purchase price.

Intangible assets obtained through debt restructuring as debt repayment by the debtor are recorded at an amount including the fair value of abandoned creditor's rights and other costs such as taxes directly attributable to bringing the asset to its intended use.

For non-monetary asset exchanges with commercial substance and reliably measurable fair value of either the asset received or the asset given up, the carrying amount of intangible assets received shall be determined based on the fair value of the asset given up, unless conclusive evidence proves the fair value of the asset received is more reliable. If the above prerequisites are not met, the cost of intangible assets received equals the carrying amount of the asset given up plus relevant taxes payable, with no profit or loss recognised.

Intangible assets obtained through absorption business combinations under common control are recorded at the carrying amount of the combined entity. Intangible assets obtained through absorption business combinations not under common control are recorded at fair value.

The cost of internally developed intangible assets includes materials consumed, labour costs, registration fees, amortisation of other patents and licences used during development, interest costs meeting capitalisation criteria, and other direct expenditures incurred to bring the intangible asset

to its intended use.

2) Subsequent Measurement

The useful life of an intangible asset is assessed upon acquisition.

Intangible assets with finite useful lives are amortised on a straight-line basis over the period generating economic benefits for the enterprise.

For impairment tests of intangible assets, see Note III.21 “Impairment of Long-term Assets” herein.

(2) Estimation of Useful Lives for Intangible Assets with Finite Useful Lives

Item	Useful Life and Determination Basis	Amortisation Method
Land Use Rights	40–50 years, based on the available term of the land	Straight-line Amortisation
Application Software, Proprietary Technology, Patents	5–10 years, based on estimated useful life	Straight-line Amortisation

At the end of each period, the useful lives and amortisation methods of intangible assets with finite useful lives are reviewed.

After review, there is no difference between the useful lives and amortisation methods of intangible assets at the end of the current year and previous estimates.

(3) Specific Criteria for Separating Research Phase and Development Phase of Internal R&D Projects

Expenditures on internal research and development projects are divided into research phase expenditures and development phase expenditures.

Research Phase: A stage of original and planned investigation and research activities undertaken to acquire and comprehend new scientific or technical knowledge.

Development Phase: A stage of applying research findings or other knowledge to a plan or design prior to commercial production or use to produce new or substantially improved materials, devices, products, etc.

(4) Specific Criteria for Capitalisation of Development Phase Expenditures

Expenditures in the development phase of internal R&D projects shall be recognised as intangible assets only when all of the following conditions are met simultaneously:

- 1) Technical feasibility exists to complete the intangible asset for use or sale;
- 2) The enterprise has the intention to complete the intangible asset for use or sale;
- 3) The manner in which the intangible asset generates economic benefits can be demonstrated, including proof of a market for products produced using the intangible asset or a standalone market for the intangible asset itself; if the intangible asset will be used internally, its usability can be verified;
- 4) Sufficient technical, financial and other resources are available to complete development of the intangible asset, and the enterprise has the ability to use or sell the asset;
- 5) Expenditures attributable to the development phase of the intangible asset can be reliably measured.

Development phase expenditures that fail to satisfy the above criteria shall be recognised in profit or loss for the period when incurred. All research phase expenditures are recognised in profit or loss when incurred.

21. Impairment of Long-term Assets

At the end of each reporting period, the Company assesses whether impairment indicators exist for long-term equity investments, investment properties measured under the cost model, property, plant and equipment, construction in progress, biological assets measured under the cost model, oil and gas assets, right-of-use assets and intangible assets with finite useful lives. For assets with impairment indicators, their recoverable amount is estimated. If the recoverable amount is lower than the carrying amount, the asset's carrying amount is written down to its recoverable amount, the write-down amount is recognised as corresponding impairment loss in profit or loss for the current period, and corresponding impairment allowances are provided.

The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and the present value of estimated future cash flows generated by the asset. The enterprise estimates the recoverable amount on an individual asset basis. If the recoverable amount of an individual asset cannot be reasonably estimated, the recoverable amount of the asset group to which the asset belongs is determined.

After recognition of an asset impairment loss, depreciation or amortisation expenses of

impaired assets shall be adjusted accordingly in future periods to systematically allocate the adjusted carrying amount of the asset over its remaining useful life.

Impairment tests shall be performed annually at the end of each year for intangible assets with indefinite useful lives, intangible assets not yet ready for use, and goodwill arising from business combinations.

Impairment Test for Goodwill

The carrying amount of goodwill arising from business combinations shall be allocated to relevant asset groups on a reasonable basis from the acquisition date. If allocation to individual asset groups is impracticable, goodwill shall be allocated to relevant groups of asset groups.

When allocating the carrying amount of goodwill to relevant asset groups or groups of asset groups, allocation shall be made proportionally based on the ratio of the fair value of each asset group or group of asset groups to the total fair value of all relevant asset groups or groups of asset groups. If fair value cannot be reliably measured, allocation shall be based on the ratio of the carrying amount of each asset group or group of asset groups to the total carrying amount of all relevant asset groups or groups of asset groups.

When performing impairment tests on asset groups or groups of asset groups containing goodwill that show impairment indicators:

First, perform impairment tests on asset groups or groups of asset groups excluding goodwill, calculate their recoverable amount and compare with corresponding carrying amounts to recognise relevant impairment losses;

Then perform impairment tests on asset groups or groups of asset groups including goodwill, compare their total carrying amounts (including allocated goodwill) with recoverable amounts. If the recoverable amount is lower than the carrying amount, impairment loss on goodwill shall be recognised.

22. Long-term Deferred Expenses

Various expenses incurred but to be borne by the current and future periods with an amortisation term exceeding one year, including improvements to leased property, plant and equipment, are recognised as long-term deferred expenses and amortised by instalments over the

estimated benefited years. If an item of long-term deferred expenses can no longer generate benefits for future accounting periods, its unamortised carrying amount shall be fully transferred to profit or loss for the current period.

23. Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the enterprise in exchange for services rendered by employees or for termination of employment relationships, including short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Accounting Treatment for Short-term Benefits

Short-term benefits actually incurred shall be recognised as liabilities and included in profit or loss for the current period or the cost of relevant assets during the accounting period in which employees render services to the Company.

Accounting Treatment for Post-employment Benefits

Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

During the accounting period in which employees render services to the Company, the amount payable under defined contribution plans shall be recognised as liabilities and included in profit or loss for the current period or the cost of relevant assets. If full contributions under a defined contribution plan are not expected to be paid within twelve months after the end of the annual reporting period in which related services are rendered, the total contributions payable shall be measured at a discounted amount using the market yield of government bonds or high-quality corporate bonds traded on active markets matching the term and currency of the defined benefit obligation as at the reporting date.

The Company discounts all defined benefit obligations using the market yield of government bonds or high-quality corporate bonds traded on active markets matching the term and currency of the defined benefit obligation as at the reporting date, including obligations expected to be settled within twelve months after the end of the annual reporting period in which employees render services.

If a defined benefit plan holds plan assets, a net defined benefit liability or asset shall be recognised as the deficit or surplus calculated as the present value of defined benefit obligations less the fair value of plan assets. Where a surplus exists in a defined benefit plan, the net defined benefit asset shall be measured at the lower of the plan surplus and the asset ceiling. The asset ceiling is the present value of economic benefits available to the enterprise through refunds from the defined benefit plan or reduction of future contributions to the plan.

At the end of the reporting period, service costs and net interest on the net defined benefit liability or asset arising from defined benefit plans shall be included in profit or loss for the current period or asset cost. Remeasurement gains and losses arising from revaluing the net defined benefit liability or asset shall be recorded in other comprehensive income and shall not be reclassified to profit or loss in subsequent accounting periods, but may be transferred within equity.

Under defined benefit plans, past service costs shall be recognised as expenses for the current period at the earlier of the date of plan amendment and the date of recognising relevant restructuring costs or termination benefits.

Settlement gains or losses shall be recognised upon settlement of a defined benefit plan, calculated as the difference between the present value of defined benefit obligations and the settlement price as at the settlement date.

Accounting Treatment for Termination Benefits

Liabilities arising from termination benefits shall be recognised and included in profit or loss for the current period at the earlier of the following two dates:

- (1) When the enterprise can no longer unilaterally withdraw the termination benefits offered under a redundancy plan or layoff proposal;
- (2) When the enterprise recognises costs or expenses related to restructurings involving payment of termination benefits.

If termination benefits are expected to be fully settled within twelve months after the end of the reporting period in which they are recognised, provisions for short-term benefits shall apply. If full settlement cannot be completed within twelve months after the reporting period, provisions for other long-term employee benefits shall apply.

Accounting Treatment for Other Long-term Employee Benefits

Other long-term employee benefits that meet the criteria of defined contribution plans shall be accounted for in accordance with Section 2 above. Those that do not meet defined contribution plan criteria shall follow provisions for defined benefit plans to recognise and measure net liabilities or assets for other long-term employee benefits. At the end of the reporting period, the aggregate net amount of service costs, net interest on net liabilities or assets, and remeasurement gains or losses on net liabilities or assets of other long-term employee benefits shall be included in profit or loss for the current period or the cost of relevant assets.

24. Lease Liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments as at the commencement date of the lease, except for short-term leases and low-value asset leases accounted for under simplified treatment. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the implicit rate cannot be determined, the Company's incremental borrowing rate shall be adopted as the discount rate.

Lease payments refer to payments made by the Company to the lessor in connection with the right to use the leased asset over the lease term, including:

- (1) Fixed payments and substantive fixed payments, net of lease incentives received where applicable;
- (2) Variable lease payments dependent on an index or rate, determined based on the index or rate as at the commencement date for initial measurement;
- (3) Exercise price of purchase options that the Company is reasonably certain to exercise;
- (4) Payments required upon exercise of termination options if the lease term reflects the Company's intention to terminate the lease;
- (5) Estimated payable amounts based on residual value guarantees provided by the Company.

After the commencement date of the lease, the Company calculates interest expenses on lease liabilities for each period over the lease term using a fixed periodic interest rate, which are recognised in profit or loss for the current period or the cost of relevant assets. Variable lease payments not included in the measurement of lease liabilities shall be recognised in profit or loss for the current period or relevant asset cost when actually incurred.

After the commencement date of the lease, if any of the following circumstances arise, the Company shall remeasure lease liabilities and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference shall be recognised in profit or loss for the current period:

(1) Where the assessment results or actual exercise of purchase options, renewal options or termination options change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and revised discount rates;

(2) Where substantive fixed payments change, estimated payable amounts of residual guarantees change, or indices or ratios used to determine lease payments change, the Company remeasures lease liabilities at the present value calculated based on revised lease payments and the original discount rate. However, if changes in lease payments arise from floating interest rate fluctuations, revised discount rates shall be used to calculate present value.

25. Provisions

Provisions shall be recognised for litigations, debt guarantees, onerous contracts and restructuring events if it is probable that an outflow of assets or provision of services will be required in the future and the related amount can be reliably measured.

Provisions are initially measured at the best estimate of expenditures required to settle the present obligation, taking into account risks, uncertainties and time value of money related to contingencies. Where the time value of money is material, the best estimate is determined by discounting relevant future cash outflows. Increases in the carrying amount of provisions arising from unwinding of discounts over time shall be recognised as interest expenses.

The carrying amount of provisions shall be reviewed and appropriately adjusted at the end of each reporting period to reflect the current best estimate.

(1) Onerous Contracts

An onerous contract is a contract where unavoidable costs to fulfil the contractual obligations exceed expected economic benefits. Where an executory contract becomes an onerous contract and the obligations arising therefrom meet the above recognition criteria for provisions, a provision shall be recognised for the portion of expected contract losses exceeding any recognised

impairment allowance on contract underlying assets (if any).

(2)Restructuring Obligations

For detailed, formal and publicly announced restructuring plans that meet the above recognition criteria for provisions, the amount of provisions shall be determined based on direct expenditures attributable to restructuring. For restructuring obligations involving disposal of partial businesses, relevant obligations shall only be recognised when the Company commits to the disposal of partial businesses (i.e., binding disposal agreements are signed).

(3)Product Quality Warranties and Maintenance

The Company recognises provisions for after-sales maintenance commitments provided to customers for sold, repaired and renovated products. Recent historical maintenance data is taken into account when measuring provisions, but such historical experience may not reflect future maintenance costs. Any increase or decrease in such provisions may affect profit or loss in future years.

(4)Repurchase Guarantees

The Company provides equipment repurchase guarantees to financial institutions for customers with financing needs, and recognises provisions based on potential losses under repurchase guarantees. Historical data on actual performance of repurchase guarantees and loss ratios after guarantee performance, as well as assessment of repayment capacity of different customers, are considered when measuring provisions. Historical data and assessments may not reflect future repurchase losses, so any increase or decrease in such provisions may affect profit or loss in future years.

26. Revenue

(1). Accounting Policies for Revenue Recognition and Measurement

The Company recognises revenue at the point when a customer obtains control of the relevant goods if a contract with the customer satisfies all the following criteria simultaneously:

All parties to the contract have approved the contract and undertake to perform their respective obligations;

The contract clearly defines the rights and obligations of each party relating to the transfer of goods or provision of services;

The contract contains explicit payment terms associated with the transferred goods;

The contract has commercial substance, meaning performance of the contract will alter the risk, timing or amount of the Company's future cash flows;

It is highly probable that the consideration to which the Company is entitled in exchange for transferring goods to the customer will be collected.

At contract inception, the Company identifies each distinct performance obligation contained in the contract, and allocates the transaction price to each distinct performance obligation in proportion to the relative standalone selling prices of the goods promised under each obligation. When determining the transaction price, the Company takes into account the impacts of variable consideration, significant financing components embedded in the contract, non-cash consideration, consideration payable to customers and other factors.

For each distinct performance obligation in a contract, if any of the following criteria is met, the Company recognises revenue allocated to such performance obligation over the satisfaction progress of the obligation:

The customer simultaneously receives and consumes the economic benefits arising from the Company's performance as the Company performs;

The customer obtains control of the work-in-progress goods created by the Company during performance;

The goods produced by the Company in the course of performance have no alternative use to the Company, and the Company has an enforceable right to receive payment for performance completed to date throughout the contract term.

The satisfaction progress of performance obligations is measured by either the input method or output method based on the nature of transferred goods. When the satisfaction progress cannot be reasonably estimated, revenue shall be recognised at the amount of costs incurred if such costs are expected to be recoverable, until the progress can be reasonably measured.

If none of the above criteria are satisfied, the Company recognises the transaction price allocated to the distinct performance obligation at the point in time when the customer obtains control of the relevant goods. When assessing whether a customer has obtained control of goods, the Company considers the following indicators:

The Company holds a present right to receive payment for the goods, i.e. the customer bears a present payment obligation for such goods;

Legal title to the goods has been transferred to the customer, i.e. the customer owns legal title to the goods;

Physical possession of the goods has been transferred to the customer, i.e. the customer physically holds the goods;

Substantial risks and rewards of ownership of the goods have been transferred to the customer, i.e. the customer obtains substantial risks and rewards of ownership of the goods;

The customer has accepted the goods;

Other indicators demonstrating that the customer has obtained control of the goods.

(2). Specific Revenue Recognition Principles of the Company

1) The Company measures revenue based on the transaction price allocated to each distinct performance obligation. The transaction price refers to the amount of consideration the Company expects to be entitled to receive in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties and amounts expected to be refunded to customers.

2) Where a contract contains variable consideration, the Company determines the best estimate of variable consideration using either the expected value or the most likely amount approach. Nevertheless, the total transaction price including variable consideration shall not exceed the amount at which a significant reversal of cumulative recognised revenue is highly improbable once the relevant uncertainties are resolved.

3) Where a contract contains a significant financing component, the transaction price is determined as the cash amount the customer would pay upon obtaining control of goods or services. The difference between such transaction price and the contractual consideration is amortised over the contract term using the effective interest method. At contract inception, if the time interval between the customer obtaining control of goods or services and payment is expected to be no more than one year, the significant financing component embedded in the contract shall not be accounted for separately.

4) Where a contract contains two or more performance obligations, the Company allocates the

transaction price to each distinct performance obligation at contract inception in proportion to the relative standalone selling prices of the promised goods under each obligation.

(3). Specific Revenue Recognition Methods

The Company's principal businesses consist of goods sales, gas supply, heating and water supply, and engineering construction. Revenue recognition shall satisfy the following respective conditions:

1) Goods sales: Revenue is recognised after the Company delivers products to the purchaser in accordance with contractual terms and obtains customer confirmation, whereby the Company acquires the right to collect sales proceeds, and there is no evidence indicating irrecoverability of receivables from goods sales.

2) Gas, water and heating supply: Revenue is recognised after monthly meter reading and statistics upon provision of gas, water and heating services in accordance with contractual agreements.

3) Engineering construction: Construction contracts entered into with customers generally contain performance obligations for public infrastructure and other infrastructure works. Since customers control work-in-progress assets generated during the Company's performance, such obligations are classified as performance obligations satisfied over time, and revenue is recognised based on satisfaction progress, unless such progress cannot be reasonably estimated. The Company adopts the input method to measure performance progress based on incurred costs.

Pursuant to sales contracts signed with customers, the Company provides free equipment repair and maintenance services within the warranty period of sold products. Related expenses incurred are recorded as selling expenses. The Company does not accrue estimated after-sales service fees for the warranty period at the end of each reporting period; such expenses are directly recognised in profit or loss for the period when actually incurred.

27. Contract Costs

Contract costs include incremental costs to obtain a contract and costs to fulfil a contract.

(1). Incremental Costs to Obtain a Contract

Incremental costs to obtain a contract refer to costs that would not have been incurred if the

contract had not been obtained (e.g. sales commissions). If such costs are expected to be recoverable, they are recognised as an asset representing contract acquisition costs. Other expenditures incurred to obtain a contract, excluding recoverable incremental costs, are recognised in profit or loss when incurred, unless such expenditures are explicitly to be borne by the customer.

(2). Costs to Fulfil a Contract

Costs incurred to fulfil a contract that are not within the scope of other Accounting Standards for Business Enterprises such as Inventories shall be recognised as an asset representing contract fulfilment costs if all the following criteria are met simultaneously:

- 1) The costs are directly related to an existing or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar expenses), costs explicitly borne by customers, and other costs incurred solely for the contract;
- 2) The costs generate resources of the enterprise that will be used to satisfy performance obligations (including continuous satisfaction) in future periods;
- 3) The costs are expected to be recoverable.

(3). Amortisation and Impairment of Contract Costs

Assets recognised from contract acquisition costs and contract fulfilment costs (collectively referred to as “assets related to contract costs”) are amortised on the same basis as revenue recognition for the goods or services associated with such assets, with amortisation charged to profit or loss. If the amortisation period of an asset arising from contract acquisition costs is no longer than one year, such costs are recognised in profit or loss when incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between Item 1) and Item 2) below, an impairment allowance shall be provided for the excess amount and recognised as an asset impairment loss:

- 1) Remaining consideration the enterprise expects to receive from transferring goods or services associated with the asset;
- 2) Estimated costs to be incurred to transfer the relevant goods or services.

If changes in factors that previously triggered impairment result in the difference between Item 1) and Item 2) exceeding the carrying amount of contract costs, the previously recognised asset impairment allowance shall be reversed and credited to profit or loss. However, the carrying

amount of contract costs after reversal shall not exceed the carrying amount that would have existed at the reversal date had no impairment allowance been recognised.

28. Government Grants

Government grants refer to monetary or non-monetary assets obtained free of charge by the Company from government authorities, classified into asset-related government grants and income-related government grants.

(1). Identification Criteria and Accounting Treatment for Asset-related Government Grants

Government grants obtained by the Company for the construction, acquisition or other formation of long-term assets are classified as asset-related government grants.

Asset-related government grants are offset against the carrying amount of the relevant assets. Government grants measured at a nominal amount are directly recognised in profit or loss for the period.

If the relevant asset is sold, transferred, retired or impaired prior to the end of its useful life, the unamortised balance of deferred income related to such grant shall be transferred to profit or loss in the period of asset disposal.

(2). Identification Criteria and Accounting Treatment for Income-related Government Grants

All government grants obtained by the Company other than asset-related grants are classified as income-related government grants, accounted for as follows:

1) Grants intended to compensate the Company for relevant costs, expenses or losses in future periods are recognised as deferred income and released to profit or loss in the periods when the corresponding costs, expenses or losses are recognised.

2) Grants intended to compensate the Company for relevant costs, expenses or losses already incurred are directly recognised in profit or loss for the current period.

For government grants containing both an asset-related portion and an income-related portion, the two portions shall be separated and accounted for respectively. If separation is impracticable, the entire grant shall be classified as an income-related government grant.

Government grants associated with the Company's ordinary business activities are recorded

in other income in accordance with the substance of the economic transaction. Government grants unrelated to ordinary business activities are recorded in non-operating income or non-operating expenses.

(3). Accounting Treatment for Policy-based Concessionary Loan Interest Subsidies

1) Where fiscal authorities allocate interest subsidy funds to lending banks, which in turn provide loans to the Company at policy-based preferential interest rates, the amount of borrowings actually received is recorded as the carrying amount of the loan, and related borrowing costs are calculated based on the principal amount and such preferential interest rate.

2) Where fiscal authorities allocate interest subsidies directly to the Company, the corresponding subsidies are offset against the relevant borrowing costs.

Government grants are recognised and measured at the actual amount received upon receipt of funds. Grants may only be recognised and measured on an accrual basis if conclusive evidence exists that the grant is allocated under fixed quota standards, or conclusive evidence proves the Company will satisfy the relevant conditions stipulated in fiscal support policies and it is probable that the fiscal support funds will be received.

If a recognised government grant is required to be repaid, accounting treatment shall be performed in the repayment period: for grants initially recognised by offsetting asset carrying amounts, the carrying amount of the relevant assets shall be adjusted accordingly.

29. Deferred Tax Assets and Deferred Tax Liabilities

The Company applies the balance sheet liability method to recognise deferred taxes arising from temporary differences between the carrying amounts and tax bases of assets and liabilities at the reporting date, as well as temporary differences arising from items not recognised as assets or liabilities but with determinable tax bases under tax laws at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except for taxable temporary differences arising from the following transactions:

(1) Initial recognition of goodwill;

(2) Initial recognition of assets or liabilities arising from a transaction that meets both of the following features: the transaction is not a business combination, it affects neither accounting

profit nor taxable profit or deductible losses at the time of occurrence, and the initially recognised assets and liabilities generate unequal taxable and deductible temporary differences;

(3) Taxable temporary differences associated with investments in subsidiaries, joint ventures and associates where the timing of reversal of the temporary difference is controllable and it is highly improbable that the temporary difference will reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, deductible losses and tax credits carry-forward to future periods, limited to the extent of taxable profits expected to be available in future periods to offset such deductible temporary differences, deductible losses and tax credits, except for deductible temporary differences arising from the following transactions:

(1) Initial recognition of assets or liabilities arising from a transaction that meets both of the following features: the transaction is not a business combination, it affects neither accounting profit nor taxable profit or deductible losses at the time of occurrence, and the initially recognised assets and liabilities generate unequal taxable and deductible temporary differences;

(2) Deductible temporary differences associated with investments in subsidiaries, joint ventures and associates: deferred tax assets are recognised only if both of the following conditions are satisfied: the temporary difference is highly probable to reverse in the foreseeable future, and taxable profits sufficient to offset the deductible temporary difference are expected to be available in future periods.

At each reporting date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates expected to prevail in the periods when the asset is recovered or the liability is settled in accordance with tax laws, reflecting the tax impacts of the expected manner of asset recovery or liability settlement as at the reporting date.

The carrying amounts of deferred tax assets are reviewed at each reporting date. If it is probable that sufficient taxable profits will not be available in future periods to utilise the benefits of deferred tax assets, the carrying amount of deferred tax assets shall be written down. The previously written-down amount shall be reversed when sufficient taxable profits are expected to be obtainable.

Deferred tax assets and deferred tax liabilities are presented net only if both of the following criteria are satisfied:

(1) The enterprise has a legally enforceable right to settle current tax assets and current tax

liabilities on a net basis;

(2) The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or relate to different taxable entities where each taxable entity intends to settle current tax assets and current tax liabilities on a net basis, or realise assets and settle liabilities simultaneously, in every material future period of reversal of deferred tax assets and liabilities.

30. Leases

(1). Identification of a Lease

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At contract inception, the Company assesses whether a contract contains a lease. A contract contains a lease if one party conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. Unless the contract terms and conditions are modified, the Company does not reassess whether a contract contains a lease. To determine whether a contract conveys the right to control the use of an identified asset over a period, the Company assesses whether the customer obtains substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset during such period.

(2). Separation of Distinct Leases

If a contract contains multiple distinct leases, the Company separates the contract and accounts for each distinct lease separately. A right to use an identified asset constitutes a distinct lease within the contract if both of the following criteria are met:

1) The lessee can benefit from use of the asset either on its own or together with other readily available resources;

2) The asset is not highly dependent on or highly interrelated with other assets in the contract.

(3). The Company as Lessee

At lease commencement date, leases with a lease term of no more than 12 months and no purchase option are classified as short-term leases. Leases of individual assets that are low-value when new are classified as low-value asset leases. If the Company subleases or expects to sublease

the leased asset, the original lease is not classified as a low-value asset lease.

For all short-term leases and low-value asset leases, lease payments are recognised in the cost of relevant assets or profit or loss for each period over the lease term on a straight-line basis.

Except for the above simplified accounting for short-term and low-value asset leases, the Company recognises right-of-use assets and lease liabilities for all leases at the commencement date.

1) Right-of-use Assets

Right-of-use assets are initially measured at cost, comprising:

The initial measurement amount of lease liabilities;

Lease payments made on or before the commencement date of the lease, net of any lease incentives received;

Initial direct costs incurred by the lessee;

Estimated costs to be incurred by the lessee to dismantle and remove the leased asset, restore the site of the leased asset or return the leased asset to the condition stipulated under the lease terms, excluding costs incurred for inventory production.

Depreciation of right-of-use assets is provided on a straight-line basis. If the Company can reasonably determine that ownership of the leased asset will be obtained upon expiry of the lease term, depreciation is charged over the remaining useful life of the leased asset. If ownership cannot be reasonably determined to be obtained at lease expiry, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

2) Lease Liabilities

At lease commencement date, lease liabilities are recognised at the present value of unpaid lease payments. The interest rate implicit in the lease is used as the discount rate to calculate the present value of lease payments; if the implicit rate cannot be determined, the Company's incremental borrowing rate is adopted as the discount rate. The difference between lease payments and their present value is recognised as unamortised finance costs, and interest expenses are recognised in profit or loss or relevant asset cost for each period over the lease term using the discount rate applied to measure the present value of lease payments. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss or relevant asset

cost when actually incurred.

After lease commencement date, if substantive fixed payments, estimated payable residual guarantee amounts, indices or ratios used to determine lease payments, or the assessment or actual exercise of purchase, renewal or termination options change, the Company remeasures lease liabilities at the present value of revised lease payments and adjusts the carrying amount of the corresponding right-of-use assets. If the carrying amount of the right-of-use asset has been reduced to zero but further reduction of lease liabilities is required, the residual difference is recognised in profit or loss for the current period.

(4). The Company as Lessor

At lease commencement date, leases that transfer substantially all of the risks and rewards incidental to ownership of the leased asset are classified as finance leases; all other leases are operating leases.

1) Operating Leases

Lease income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are capitalised and amortised to profit or loss in instalments on the same basis as lease income recognition. Variable lease payments related to operating leases not included in lease receivables are recognised in profit or loss when actually received.

2) Finance Leases

At lease commencement date, the Company recognises finance lease receivables at the net investment in the lease (the sum of unguaranteed residual value and the present value of lease payments receivable discounted at the interest rate implicit in the lease as at commencement date), and derecognises the underlying leased asset. Interest income is calculated and recognised for each period over the lease term using the interest rate implicit in the lease.

Variable lease payments received that are not included in the net investment in the lease are recognised in profit or loss when actually received.

(5). Sale and Leaseback Transactions

1) The Company as Lessee

The Company assesses whether the transfer of assets in a sale and leaseback transaction constitutes a sale in accordance with Accounting Standard for Business Enterprises No.14 —

Revenue.

If the asset transfer in a sale and leaseback transaction qualifies as a sale, the right-of-use asset arising from the leaseback is measured based on the portion of the original asset's carrying amount attributable to the right of use retained through the leaseback, and gain or loss is recognised only for the portion of rights transferred to the lessor.

If the asset transfer does not qualify as a sale, the Company continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds, which is accounted for under Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments.

2) The Company as Lessor

The Company assesses whether the transfer of assets in a sale and leaseback transaction constitutes a sale in accordance with Accounting Standard for Business Enterprises No.14 — Revenue.

If the asset transfer qualifies as a sale, the Company accounts for the asset purchase under other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset under Accounting Standard for Business Enterprises No.21 — Leases.

If the asset transfer does not qualify as a sale, the Company does not derecognise the transferred asset, but recognises a financial asset equal to the transfer proceeds, which is accounted for under Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments.

31. Work Safety Expenses

Work safety expenses accrued by the Company in accordance with national regulations are charged to the cost of relevant products or profit or loss for the current period, with a corresponding credit to the Special Reserve account.

When utilising the accrued work safety expenses:

Expenditures of a revenue nature shall directly reduce the balance of Special Reserve.

For expenditures that result in fixed assets, all relevant outlays are first accumulated under the

Construction in Progress account. Upon completion of the safety project and when it reaches its intended usable state, such outlays are recognised as fixed assets. Meanwhile, the Special Reserve is reduced by an amount equal to the cost of the newly formed fixed asset, and accumulated depreciation of the identical amount is recognised. No further depreciation shall be provided for such fixed assets in subsequent periods.

32. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in Significant Accounting Policies

No material changes to the Company's principal accounting policies occurred during the current reporting period.

(2) Changes in Significant Accounting Estimates

No material changes to the Company's principal accounting estimates occurred during the current reporting period.

IV. Taxation

1. Major taxes and tax rates

The major taxes applicable to the Company for the current period and their respective tax rates are set out as follows:

Tax Category	Tax Base	Tax Rate
Value-Added Tax (VAT)	Output VAT is calculated based on revenue from sales of goods and taxable services in accordance with tax laws. The payable VAT equals the balance after deducting deductible input VAT for the current period.	13%, 9%, 6%, 5%, 3%
Property Tax	Ad valorem levy: 1.2% of the residual value of the property original value after a one-time deduction of 20%; Rental-based levy: 12% of rental income.	1.2%; 12%
Urban Maintenance and Construction Tax	Amount of turnover taxes actually paid	7%
Education Surcharge	Amount of turnover taxes actually paid	3%
Local Education Surcharge	Amount of turnover taxes actually paid	2%
Corporate Income Tax (CIT)	Taxable income	15%, 20%, 24%, 25%
Resource Tax	Cumulative water withdrawal volume	RMB 0.8 per cubic meter, RMB 0.4 per cubic meter

Notes on Corporate Income Tax Rates of Entities Subject to Different Tax Rates:

Company Name	Tax Rate	Remarks
The Company	25%	-
Shandong Aite Yunxiang Information Technology Co., Ltd.	15%	-
Dong Jie Intelligent Technology Group Co., Ltd.	15%	-
Taiyuan Dong Jie Software Development Co., Ltd.	15%	-
Dong Jie Hai Deng (Changzhou)Technology Co., Ltd.	15%	-
Dong Jie Intelligent Technology (Jiangsu) Co., Ltd.	20%	Small and Micro Enterprise
Dong Shang Jie Intelligent Technology (Shanghai) Co., Ltd.	20%	Small and Micro Enterprise
ORIENTAL MATERIAL HANDLING (MALAYSIA) SDN BHD (TRADE)	24%	Registered in Malaysia
Zibo Xinneng Supply Chain Co., Ltd.	20%	Small and Micro Enterprise
Zibo Huimin Gas Co., Ltd.	20%	Small and Micro Enterprise
Zhangdian Branch of Zibo Fucheng Property Management Co., Ltd.	20%	Small and Micro Enterprise
Asset Management Branch of Zibo Xinneng Energy Group Co., Ltd.	20%	Small and Micro Enterprise
Materials Supply and Marketing Branch of Zibo Xinneng Energy Group Co., Ltd.	20%	Small and Micro Enterprise
Shandong Xinneng Internet of Things Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Guoxin Comprehensive Energy Co., Ltd.	20%	Small and Micro Enterprise
Zibo Juwei Economic and Trade Co., Ltd.	20%	Small and Micro Enterprise
Zibo Energy Group Natural Gas Pipeline Network Co., Ltd.	20%	Small and Micro Enterprise
Zibo Xinneng Industry and Trade Co., Ltd.	20%	Small and Micro Enterprise
Shandong Jiajian New Energy Co., Ltd.	20%	Small and Micro Enterprise
Zibo Rui De Heating Design Co., Ltd.	20%	Small and Micro Enterprise
Zibo Heat Pipeline Network Co., Ltd.	20%	Small and Micro Enterprise
Zibo New Torch Property Service Co., Ltd.	20%	Small and Micro Enterprise
Zibo Carbon Ecology Development Group Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qixin Green New Energy Technology Co., Ltd.	20%	Small and Micro Enterprise

Company Name	Tax Rate	Remarks
Zibo Jing Kai Qu Te Cheng Heating Co., Ltd.	20%	Small and Micro Enterprise
Shandong Zhongrui Water Supply Equipment Co., Ltd.	20%	Small and Micro Enterprise
Zibo Zishui Instrument Manufacturing Co., Ltd.	20%	Small and Micro Enterprise
Zibo Ankang Real Estate Development Co., Ltd.	20%	Small and Micro Enterprise
Zhangdian Branch of Zibo Ankang Real Estate Development Co., Ltd.	20%	Small and Micro Enterprise
Zibo Guorun Radon Spring Resort Co., Ltd.	20%	Small and Micro Enterprise
Shandong Qirun Environmental Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Maiwang Water Affairs Co., Ltd.	20%	Small and Micro Enterprise
Zibo Boyue Water Affairs Co., Ltd.	20%	Small and Micro Enterprise
Shandong Zirun High-quality Water Purification Technology Co., Ltd.	20%	Small and Micro Enterprise
Zibo Run De Shi Ye Co., Ltd.	20%	Small and Micro Enterprise
Zibo Anrui Water Quality Testing Co., Ltd.	20%	Small and Micro Enterprise
Zibo Fengji New Energy Development Co., Ltd.	20%	Small and Micro Enterprise
Zibo Ningbi Drinking Water Co., Ltd.	20%	Small and Micro Enterprise
Zibo Runcheng Engineering Design Co., Ltd.	20%	Small and Micro Enterprise
Zibo Runbang Real Estate Co., Ltd.	20%	Small and Micro Enterprise
Zibo Fu Tai Water Conservancy Construction and Installation Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qixin Emergency Relending Fund Co., Ltd.	20%	Small and Micro Enterprise
Qixin Private Fund Management (Zibo) Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qiyang Property Management Service Co., Ltd.	20%	Small and Micro Enterprise
Zibo Caijin Lingrui Investment Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Jingsheng Supply Chain Co., Ltd.	20%	Small and Micro Enterprise
Zibo Lijingyuan Catering Management Co., Ltd.	20%	Small and Micro Enterprise

Company Name	Tax Rate	Remarks
Zibo Lijingyuan Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Qicheng Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Jinzhai Property Management Co., Ltd.	20%	Small and Micro Enterprise
Zibo Dingshun Property Management Co., Ltd.	20%	Small and Micro Enterprise
Other subsidiaries	25%	

Note: ORIENTAL MATERIAL HANDLING (MALAYSIA) SDN BHD (TRADE) is incorporated in Malaysia. Pursuant to the Income Tax Act 1967 of Malaysia and its relevant amendments, local companies with paid-up capital exceeding RM 2.5 million are subject to a corporate income tax rate of 24%. In accordance with the aforesaid provisions, this overseas subsidiary incorporated in Malaysia applies the 24% tax rate.

2. Tax Preferences and Relevant Approvals

(1) Corporate Income Tax

1) Dongjie Intelligent Technology Group Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate No. GR202214001284 dated 12 December 2022, which is valid for three years. It enjoys the preferential corporate income tax rate of 15% for the year 2024.

2) Taiyuan Dongjie Software Development Co., Ltd., a subsidiary of Dongjie Intelligent Technology Group Co., Ltd. (the Company's subsidiary), obtained the High and New Technology Enterprise Certificate No. GR202414000497 dated 1 November 2024 with a three-year validity term, and is eligible for the 15% preferential corporate income tax rate in 2024.

3) Dongjie Hayden (Changzhou) Technology Co., Ltd., a subsidiary of Dongjie Intelligent Technology Group Co., Ltd. (the Company's subsidiary), obtained the High and New Technology Enterprise Certificate No. GR202432001081 dated 6 November 2024, valid for three years, and applies the 15% preferential corporate income tax rate for 2024.

4) Shandong Aite Yunxiang Information Technology Co., Ltd., a subsidiary of the Company, renewed its High and New Technology Enterprise Certificate on 12 December 2022 for a three-year validity period. It is entitled to the 15% preferential corporate income tax rate applicable to high and new technology enterprises from 12 December 2022 to 12 December 2025.

5) Pursuant to Announcement No. 12 of 2023 issued by the Ministry of Finance and State Taxation Administration on Tax and Fee Policies for Further Supporting Micro and Small-Profit Enterprises and Individual Industrial and Commercial Households, the policy under which taxable income of small and low-profit enterprises is calculated at 25% and corporate income tax is levied at a rate of 20% shall be extended until 31 December 2027. In accordance with the aforesaid provisions, certain subsidiaries of the Company adopt the 20% income tax rate and enjoy the above preferential corporate income tax policy.

(2) Value-Added Tax (VAT)

Pursuant to Circular Guo Fa [2011] No. 4 issued by the State Council on Issuing Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries and Circular Caishui [2011] No. 100 issued by the Ministry of Finance and State Taxation Administration on VAT Policies for Software Products, Dongjie Software (the subsidiary) shall be subject to VAT at the rate of 13% on self-developed and self-produced software products it sells, and a VAT refund upon collection shall be granted for the portion of actual VAT burden exceeding 3%.

In accordance with Item (2), Article III of Announcement No. 1 of 2023 issued by the Ministry of Finance and State Taxation Administration, "Taxpayers engaged in life service industries are allowed an additional 10% deduction of their current deductible input VAT against taxable VAT payable". Shandong Aite Yunxiang Information Technology Co., Ltd., a subsidiary of the Company, enjoyed the policy of an additional 10% VAT deduction against taxable payable amount in 2024.

V. Notes to Items of Consolidated Financial Statements

Unless otherwise noted, in this section: the beginning of the year refers to 1 January 2024; the end of period refers to 31 December 2024; the current period refers to Year 2024; and the prior period refers to Year 2023. The currency unit of amount is RMB.

1. Monetary funds

(1) Details

Items	Closing balance	Opening balance
Cash on hand	671,848.54	144,987.71
Cash in bank	5,699,218,101.2	6,161,726,204.07

Items	Closing balance	Opening balance
Other monetary funds	1,663,769,165.09	1,965,818,352.30
Undue Interest	20,909,815.05	27,064,244.32
Total	7,384,568,929.88	8,154,753,788.40

(2) At the end of the period, the company did not have any funds stored overseas and with remitting restriction.

Items	Closing balance	Opening balance
Bank acceptance bill margin	255,216,503.56	186,384,152.69
Bank guarantee margin	16,222,278.47	70,280,231.15
Frozen bank deposits	94,206,438.00	10,205,376.57
Bill pool margin	29,111,529.60	24,435,576.51
Long-term unreconciled frozen funds	902.04	10,016.38
Alipay	288,276.20	1,218.64
Deposited investment funds	11,519,572.50	12,836,810.75
Total	406,565,500.37	304,153,382.69

(3) The above accrued interest receivable not yet due does not qualify as cash and cash equivalents.

2. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets held for trading	256,125,349.57	183,451,387.46
Including: Funds	96,224,978.10	20,325,519.12
Debt instrument investment	5,868,130.00	6,082,387.46
Equity instrument investment	100,025,549.23	100,130,685.67
Bank wealth management products	54,006,692.24	56,912,795.21
Total	256,125,349.57	183,451,387.46

3. Notes Receivable

(1) Details

Items	Closing balance	Opening balance
Bank Acceptance Bills	85,986,365.33	149,419,952.34
Commercial Acceptance Bills	4,363,896.67	4,485,991.86
Total	90,350,262.00	153,905,944.20

(2) Disclosure by bad debt provision method

Type	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts based on individual items	-	-	-	-	-
Provision for bad debts by combination	90,350,262.00	100.00	-	-	90,350,262.00
Including: Bank Acceptance Bills	85,986,365.33	95.17	-	-	85,986,365.33
Commercial Acceptance Bills	4,363,896.67	4.83	-	-	4,363,896.67
Total	90,350,262.00	100.00	-	-	90,350,262.00

Continued :

Type	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts based on individual items	-	-	-	-	-
Provision for bad debts by combination	154,476,287.74	100.00	570,343.54	0.37	153,905,944.20
Including: Bank Acceptance Bills	149,419,952.34	96.73	-	-	149,419,952.34
Commercial Acceptance Bills	5,056,335.40	3.27	570,343.54	11.28	4,485,991.86
Total	154,476,287.74	100.00	570,343.54	0.37	153,905,944.20

(3) Provision for Impairment of Receivables

Bills Receivable for which impairment provisions are made on a portfolio basis at the end of the period

Portfolio	Carrying Amount	Allowance for Impairment	Provision Ratio (%)

Portfolio	Carrying Amount	Allowance for Impairment	Provision Ratio (%)
Bank Acceptance Bills	85,986,365.33	-	-
Commercial Acceptance Bills	4,363,896.67	-	-
Total	90,350,262.00	-	-

(4) Preparation for bad debts charged, recovered or transferred during the period

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debt provision accrued on individual basis	-	-	-	-	-	-
Bad debt provision accrued on portfolio basis	570,343.54	-570,343.54	-	-	-	-
Subtotal	570,343.54	-570,343.54	-	-	-	-

4. Accounts receivable

1. Disclosure by age

Ageing	Closing balance
Within 1 year	1,059,690,986.69
1-2 years	612,904,778.73
2-3 years	236,610,010.72
3-4 years	300,235,507.49
4-5 years	105,254,563.04
Over 5 years	133,080,028.81
Subtotal, book balances	2,447,775,875.48
Less: Preparation for bad debts	445,550,675.51
Total book value	2,002,225,199.97

2. Categorized by bad debt method Disclosure

Categories	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	

Categories	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	198,607,142.59	8.11	122,130,460.86	61.49	76,476,681.73
Prepare for bad debts in combination	2,249,168,732.89	91.89	323,420,214.65	14.38	1,925,748,518.24
Total	2,447,775,875.48	100.00	445,550,675.51	18.20	2,002,225,199.97

Continued :

Categories	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	129,412,838.71	5.98	95,961,062.51	74.15	33,451,776.20
Prepare for bad debts in combination	2,033,831,692.75	94.02	237,264,332.22	11.67	1,796,567,360.53
Total	2,163,244,531.46	100.00	333,225,394.73	15.40	1,830,019,136.73

3. Preparation for bad debts

(1) Accounts receivable for which allowance for bad debts is provided on an individual basis

Name of debtors	Book balance	Bad debt provision	Ratio (%)	Rationale
Zibo Zidao Economic & Trade Co., Ltd.	2,919,290.52	2,919,290.52	100.00	Not expected to be recovered
Shandong Xinneng Kungang Lightweight Equipment Co., Ltd.	5,079,649.96	5,079,649.96	100.00	Insolvency
Hubei Xinghui New Energy Intelligent Automobile Co., Ltd.	62,815,720.62	43,971,004.42	70.00	Expected Not to Be Fully Recoverable
GE&PM GmbH	35,893,988.68	17,946,994.34	50.00	Expected Not to Be Fully Recoverable
WM Motor Manufacturing Wenzhou Co., Ltd.	29,090,200.00	20,363,140.00	70.00	Expected Not to Be Fully Recoverable
Shandong Lide New Energy Technology Co., Ltd.	20,455,600.00	4,091,120.00	20.00	Expected Not to Be Fully Recoverable
WM Motor Technology (Sichuan) Co., Ltd.	19,600,000.00	13,720,000.00	70.00	Expected Not to Be Fully Recoverable
Zibo Xiatianyang Power Fuel Co., Ltd.	7,488,033.41	7,488,033.41	100.00	Not expected to be recovered
Shandong Xueyin Chemical Fiber Group Co., Ltd.	1,213,904.76	1,213,904.76	100.00	Not expected to be recovered
Nantong Jianghai Fuel Company	737,894.94	737,894.94	100.00	Not expected to be recovered
Shanghai Bohai Coal Materials Co., Ltd.	280,000.00	280,000.00	100.00	Not expected to be recovered

Shandong Xueyin Group Transportation Co., Ltd.	13,450.50	13,450.50	100.00	Not expected to be recovered
Zibo Dongli Industry & Trade Co., Ltd.	1,476.00	1,476.00	100.00	Not expected to be recovered
Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	163,624.00	163,624.00	100.00	Not expected to be recovered
Shandong Xinneng Energy Equipment Manufacturing Co., Ltd.	9,594.00	9,594.00	100.00	Not expected to be recovered
Property Management Fee	12,844,715.20	4,131,284.01	32.16	Expected Not to Be Fully Recoverable
Total	198,607,142.59	122,130,460.86	-	

(2) Accounts receivable provisioned for bad debts on a group basis at the end of the reporting period

Items	Book balance	Bad debt provision	Ratio (%)
Ageing group	2,026,273,013.42	323,420,214.65	15.96
Related parties and other combinations	222,895,719.47	-	-
Subtotal	2,249,168,732.89	323,420,214.65	14.38

of which: ageing group

Ageing	Book balance	Bad debt provision	Ratio (%)
Within 1 year	953,556,554.54	12,173,247.70	1.28
1-2 years	509,710,464.02	29,836,233.75	5.85
2-3 years	162,078,030.49	38,992,575.30	24.06
3-4 years	210,551,523.11	80,326,525.45	38.15
4-5 years	70,585,949.77	42,301,140.96	59.93
Over 5 years	119,790,491.49	119,790,491.49	100.00
Subtotal	2,026,273,013.42	323,420,214.65	15.96

4. Preparation for bad debts charged, recovered or transferred during the period

Preparation for bad debts for the current period

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debt provision accrued on individual basis	95,961,062.51	26,169,398.35	-	-	-	122,130,460.86
Bad debt provision	237,264,332.22		-	82,594.93	-	323,420,214.65

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
accrued on portfolio basis		86,238,477.36				
Subtotal	333,225,394.73	112,407,875.71	-	82,594.93	-	445,550,675.51

5. Top Five Accounts Receivable by Amount

Item	Carrying amount	Percentage of Total Accounts Receivable (%)	Bad debt provision
Zibo Hanhai Water Industry Co., Ltd.	138,460,387.03	5.66	4,711,435.35
Zibo Municipal Finance Bureau	72,139,548.83	2.95	-
Shandong Liyun Network Technology Co., Ltd.	99,214,600.00	4.05	-
Shandong Weishu Information Technology Co., Ltd.	77,148,400.00	3.15	-
Hubei Xinghui New Energy Intelligent Automobile Co., Ltd.	62,815,720.62	2.57	43,971,004.43
Subtotal	449,778,656.48	18.38	48,682,439.78

5. Receivables financing

1. Receivables financing

Item	Closing balance	Opening balance
Bank Acceptance Bills	16,917,037.06	4,360,296.04

2. Analysis of Allowance for Impairment

As at 31 December 2024, the Company considers that the Receivables Financed held by it bear no material credit risk, and no material losses will be incurred in the event of counterparty default.

6. Prepayments

1. Ageing analysis

Ageing	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	956,451,005.55	65.36	989,754,783.99	83.31
1-2 years	365,901,197.40	25.00	76,421,521.74	6.43
2-3 years	48,910,642.87	3.34	50,982,680.30	4.29
More than 3 years	92,170,383.77	6.30	70,970,735.87	5.97

Ageing	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Subtotal, book balances	1,463,433,229.59	100.00	1,188,129,721.90	100.00
Less: Preparation for bad debts	4,510,143.31	-	1,294,764.03	-
Total book value	1,458,923,086.28	100.00	1,186,834,957.87	100.00

2. Top Five Prepayments by Amount

Item	Closing Balance	Aging	Percentage of Closing Balance of Prepayments (%)	Reason for Non-settlement
Shandong Natural Gas Sales Center, Natural Gas Branch, China Petroleum & Chemical Corporation	153,169,873.54	Within 1 Year, 1-2 Years and 3-4 Years	10.47	Business incomplete
Zibo Huaxing Thermal Power Co., Ltd.	120,901,566.85	Within 1 Year	8.26	Business incomplete
Shandong Baoyuan Trading Co., Ltd.	49,920,000.00	Within 1 Year	3.41	Business incomplete
Jiaozuo State-owned Assets Supply Chain Operation Management Co., Ltd.	45,050,000.00	Within 1 Year	3.08	Business incomplete
Zibo Xianghe Thermal Power Co., Ltd.	33,557,673.42	Within 1 Year	2.29	Business incomplete
Subtotal	402,599,113.81		27.51	

7. Other receivable

1. Details

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Interest receivable	-	-	-
Receivable dividends	-	-	-
Other receivable	8,205,529,756.74	921,236,668.17	7,284,293,088.57
Total	8,205,529,756.74	921,236,668.17	7,284,293,088.57

Continued :

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Interest receivable	-	-	-
Receivable dividends	5,047,985.98	-	5,047,985.98

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Other receivable	6,603,633,915.41	825,253,143.41	5,778,380,772.00
Total	6,608,681,901.39	825,253,143.41	5,783,428,757.98

2. Other receivables

(1) Disclosure by age

Ageing	Closing balance
Within 1 year	5,191,484,054.60
1-2 years	803,787,705.44
2-3 years	46,718,027.67
3-4 years	208,003,556.16
4-5 years	1,037,857,999.60
Over 5 years	917,678,413.27
Subtotal of carrying amounts	8,205,529,756.74
Less: Bad debt provision	921,236,668.17
Subtotal of book value	7,284,293,088.57

(2) Disclosure by nature

Nature	Closing balance	Opening balance
Current accounts	8,035,628,881.60	6,373,111,470.56
Project capital contributions	14,479,351.05	17,527,351.05
Deposits and guarantees	29,888,859.49	37,359,487.10
Other	125,532,664.60	175,635,606.70
Subtotal of carrying amounts	8,205,529,756.74	6,603,633,915.41
Less: Bad debt provision	921,236,668.17	825,253,143.41
Subtotal of book value	7,284,293,088.57	5,778,380,772.00

(3) Disclosure by Method of Provision for Bad Debts

Categories	Closing balance			
	Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)

Categories	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	730,276,474.49	8.90	730,270,474.49	99.99	6,000.00
Prepare for bad debts in combination	7,475,253,282.25	91.10	190,966,193.68	2.55	7,284,287,088.57
Total	8,205,529,756.74	100.00	921,236,668.17	11.23	7,284,293,088.57

Continued:

Categories	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts on an individual basis	661,078,960.07	10.01	661,078,960.07	100.00	-
Prepare for bad debts in combination	5,942,554,955.34	89.99	164,174,183.34	2.76	5,778,380,772.00
Total	6,603,633,915.41	100.00	825,253,143.41	12.50	5,778,380,772.00

1) Significant Other Receivables with Bad Debt Allowance Provided Individually at Period End

Name of debtors	Book balance	Bad debt provision	Ratio (%)	Rationale
Shandong Xin Neng Energy Equipment Manufacturing Co., Ltd.	341,967,170.48	341,967,170.48	100	Insolvency
Shandong Xin Neng Kun Gang Qing Liang Hua Equipment Co., Ltd.	66,069,427.85	66,069,427.85	100	Insolvency
Zibo Haizhou Powder Metallurgy Co., Ltd.	62,987,365.13	62,987,365.13	100	Not expected to be recovered
Zibo Qilu Chemical Industrial Zone Development Co., Ltd.	50,000,000.00	50,000,000.00	100	Not expected to be recovered
Shandong Tianhu Tourism & Culture Co., Ltd.	36,936,243.04	36,936,243.04	100	Not expected to be recovered
Zibo Sanlin New Materials Co., Ltd.	30,000,000.00	30,000,000.00	100	Not expected to be recovered
Shandong Jinshunda Pipe Industry Co., Ltd.	25,000,000.00	25,000,000.00	100	Insolvency
Shandong Dingli Chinese Medicinal Materials Technology Co., Ltd.	22,331,978.09	22,331,978.09	100	Not expected to be recovered
Shandong Jin Shun Da Group Co., Ltd.	20,000,000.00	20,000,000.00	100	Insolvency
Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	18,000,000.00	18,000,000.00	100	Insolvency
Zibo Longwei Chemical Co., Ltd.	12,877,076.50	12,877,076.50	100	Not expected to be recovered
Liu Yuping – Balance Payment for Beiya Equity Transfer	12,729,416.25	12,729,416.25	100	Not expected to be recovered

Zhongxin Road Sub-branch of Commercial Bank (Fubang Cable)	11,022,061.88	11,022,061.88	100	Not expected to be recovered
Motor-pumped Well Team, Linzi District Water Conservancy Bureau	2,318,100.00	2,318,100.00	100	Not expected to be recovered
Zibo Xinke Water Source Development Company	2,288,500.00	2,288,500.00	100	Not expected to be recovered
Drinking Water Plant	2,210,162.99	2,210,162.99	100	Not expected to be recovered
Liu Yuping – Balance Payment for Huijin Equity Transfer	1,749,934.80	1,749,934.80	100	Not expected to be recovered
Wuhan Youdao Optoelectronic Technology Engineering Co., Ltd.	1,417,467.00	1,417,467.00	100	Not expected to be recovered
Thornton New Energy Technology (Changsha) Co., Ltd.	1,300,000.00	1,300,000.00	100	Not expected to be recovered
Li Hong	1,021,395.53	1,021,395.53	100	Not expected to be recovered
Subtotal	722,226,299.54	722,226,299.54	-	-

2) Ageing

Ageing	Book balance	Provision for Bad debt.	Ratio (%)
Within 1 year	4,945,160,211.00	6,630,996.20	0.13
1-2 years	73,958,213.21	3,742,866.79	5.06
2-3 years	40,949,327.20	7,718,414.67	18.85
3-4 years	39,282,816.71	10,969,230.02	27.92
4-5 years	149,591,485.97	72,119,785.34	48.21
Over 5 years	128,777,390.71	89,784,900.66	69.72
Subtotal	5,377,719,444.80	190,966,193.68	3.55

3) Related parties and other combinations

Organization	Book balance	Provision for Bad debt.	Ratio (%)
Related parties and other combinations	2,097,533,837.45	-	-

4) Provision for Bad Debts under the General Expected Credit Loss Method

	First stage	Second stage	Third stage	
Provision for Bad debt.	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	Subtotal
Balance as at 1 January 2024	164,058,714.74	115,468.60	661,078,960.07	825,253,143.41
Movement of the balance as at 1 January 2024 in current	-	-	-	-

Provision for Bad debt.	First stage	Second stage	Third stage	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
period				
Increase in business consolidation	-	-	-	-
--Transfer to the second stage	-38,450.37	38,450.37	-	-
--Transfer to the third stage	-	-1,115,786.22	1,115,786.22	-
--Reversal to the second stage	-	-	-	-
--Reversal to the first stage	-	-	-	-
Accrual in current period	27,203,588.32	1,038,767.99	68,075,728.20	96,318,084.51
Recovery or reversal in current period	-	-	-	-
Write-off in current period	334,559.75	-	-	334,559.75
Other changes	-	-	-	-
Balance as at 31 December 2024	190,889,292.94	76,900.74	730,270,474.49	921,236,668.17

(4) Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Category	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debts provision per item	661,078,960.07	69,191,514.42	-	-	-	730,270,474.49
Provision for bad debts by combination	164,174,183.34	27,126,570.09	-	334,559.75	-	190,966,193.68
Subtotal	825,253,143.41	96,318,084.51	-	334,559.75	-	921,236,668.17

(6) Top Five Prepayments by Amount

Item	Nature or Content of the Amount	Carrying Balance	Aging	Bad Debt Allowance	Percentage of Closing Balance of Other Receivables (%)
Zibo Urban Asset Operation Group Co., Ltd.	Current accounts	1,119,276,159.72	Within 1 Year, 1-2 Years and 3-4 Years	-	13.64
Zibo Zichuan District Finance & Holdings Co., Ltd.	Current accounts	1,080,000,000.00	Within 1 Year and 4-5 Years	-	13.16
Zibo Herui Urban Development Co., Ltd.	Current accounts	1,000,000,000.00	Within 1 Year	-	12.19
Zibo Economic Development Zone Management Committee	Current accounts	961,096,640.00	Within 1 Year	-	11.71

Item	Nature or Content of the Amount	Carrying Balance	Aging	Bad Debt Allowance	Percentage of Closing Balance of Other Receivables (%)
Shandong Bozheng Investment Development (Group) Co., Ltd.	Current accounts	400,000,000.00	Within 1 Year	-	4.87
Subtotal		4,560,372,799.72		-	55.58

8. Financial assets purchased under agreements to resell

Item	Closing Balance	Opening Balance
Reverse Treasury Bond Repurchase	-	52,060,567.32
Including: Principal	-	51,997,100.00
Accrued Interest	-	63,467.32
Total	-	52,060,567.32

9. Inventories

1. Details

Item	Closing balance		
	Book balance	Provisions	Carrying amount
Raw materials	197,915,724.03	6,740,268.59	191,175,455.44
Working capital materials	674,536.46	6,385.75	668,150.71
Inventory commodities	1,138,243,303.95	151,292.46	1,138,092,011.49
Production costs	1,238,247,269.21	-	1,238,247,269.21
Low-value consumables	56,179.12	-	56,179.12
Engineering and development costs	716,950,600.84	2,940,236.29	714,010,364.55
Contract performance costs	383,899,279.08	69,778,529.17	314,120,749.91
Total	3,675,986,892.69	79,616,712.26	3,596,370,180.43

Continued :

Item	Opening balance		
	Book balance	Provisions	Carrying amount
Raw materials	188,117,574.99	4,109,196.42	184,008,378.57
Working capital materials	778,237.85	9,877.85	768,360.00

Item	Opening balance		
	Book balance	Provisions	Carrying amount
Inventory commodities	1,084,236,863.13	151,292.46	1,084,085,570.67
Production costs	984,133,439.78	-	984,133,439.78
Low-value consumables	27,998.02	-	27,998.02
Engineering and development costs	754,131,291.04	468,963,737.61	285,167,553.43
Contract performance costs	505,930,957.84	37,799,297.26	468,131,660.58
Total	3,517,356,362.65	511,033,401.60	3,006,322,961.05

2. Preparedness for stock price reduction and preparation for impairment of contract performance

costs

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Reversal/Write-off	Other	
Raw materials	4,109,196.42	4,442,930.94	-	250,318.30	1,561,540.47	6,740,268.59
Working capital materials	9,877.85	4,693.72	-	8,185.82		6,385.75
Inventory commodities	151,292.46					151,292.46
Engineering and development costs	468,963,737.61	-466,023,501.32	-			2,940,236.29
Contract performance costs	37,799,297.26	52,193,905.83	-	20,214,673.92		69,778,529.17
Subtotal	511,033,401.60	-409,381,970.83	-	20,473,178.04	1,561,540.47	79,616,712.26

10. Contract assets

Items	Closing balance		
	Book balance	Provisions	Carrying amount
Warranty Deposits Receivable	69,162,566.25	3,850,538.53	65,312,027.72
Amounts for performance completed but not yet settled with customers	192,275,479.32	60,593,633.84	131,681,845.48
Total	261,438,045.57	64,444,172.37	196,993,873.20

Continued :

Items	Opening balance		
	Book balance	Provisions	Carrying amount

Items	Opening balance		
	Book balance	Provisions	Carrying amount
Warranty Deposits Receivable	76,750,341.78	4,652,174.59	72,098,167.19
Amounts for performance completed but not yet settled with customers	220,667,878.87	62,013,253.82	158,654,625.05
Total	297,418,220.65	66,665,428.41	230,752,792.24

11. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	82,998,758.59	83,132,631.28
Contract assets due within one year	15,629,400.00	-
Total	98,628,158.59	83,132,631.28

12. Other current assets

1. Details

Item	Closing balance	Opening balance
VAT Retained Deductible Amount	41,678,786.52	29,318,920.11
Prepaid Taxes and Fees	16,204,416.32	6,967,413.03
Receivable Deposit for Reinsurance Contracts	3,074,278.95	3,682,175.11
Receivable Margin Deposits	2,750,869,384.31	1,807,051,756.77
Receivable Pledge Margin Deposits	212,523,264.00	75,507,192.00
Receivable Settlement Guarantee Deposits	10,055,395.20	10,055,593.38
Input Tax to be Deducted	145,143,580.40	144,702,135.64
Receivable Risk Loss Proceeds	123,232.30	150,911.08
Other	5,445.75	1,581,610.59
Total	3,179,677,783.75	2,079,017,707.71

2. At the end of the period, no significant evidence of impairment was observed for other current assets and therefore no allowance was made for impairment.

13. Debt investments

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Creditor investments	1,500,000,000.00	-	1,500,000,000.00	-	-	-

14. Long-term receivables

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Financial leases	11,533,636.94	6,156,727.68	5,376,909.26	105,114,910.54	10,802,501.67	94,312,408.87

15. Long-term equity investments

1. Detailed long-term equity investments

Investment units	Opening balance (book value)	Increase/decrease in the current period		
		Additional investments	Reduction of investments	Investment gains and losses recognized under equity law
Associates	-	-	-	-
Zibo Corben Polymer New Materials Co., Ltd.	2,984,645.76	-	-	-
Shandong Tianshuo Financing Guarantee Co., Ltd.	26,583,809.71	-	-	495,000.00
Qilu Equity Exchange Center Co., Ltd.	76,398,936.88	-	-	922.58
Qishang Bank Co., Ltd.	2,951,229,124.93	-	-	124,162,786.02
Zibo Xingang New Energy Co., Ltd.	10,786,333.42	-	-	-
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	16,786,723.97	-	-	1,101,070.10
Qixin Investment Management (Zibo) Co., Ltd.	366,925,989.98	-	26,000,000.00	5,090,674.82
Shenzhen CIMC Intelligent Technology Co., Ltd.	26,031,968.17	-	-	-681,580.46
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	3,000,000.00	-	-	-
Shandong Chengyi Natural Gas Utilization Co., Ltd.	33,825,388.71	-	-	-7,980,097.10
Zibo Chengzhi Gas Co., Ltd.	3,894,185.22	-	-	-2,005,241.73
Zibo City Gas Co., Ltd.	100,191,231.58	-	-	11,113,612.57
Zibo China Resources Gas Co., Ltd.	209,661,606.98	-	-	-4,256,226.53
Zibo Qiyuan Green Core Technology Co., Ltd.	9,653,969.79	-	-	-1,094,288.55
Zibo TELD New Energy Technology Co., Ltd.	13,681,234.71	-	-	292,204.67
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	15,840,598.21	-	-	952,436.42

Investment units	Opening balance (book value)	Increase/decrease in the current period		
		Additional investments	Reduction of investments	Investment gains and losses recognized under equity law
Zibo Banyang City Gas Co., Ltd.	16,489,852.86	-	-	8,510,215.88
Zibo Energy Conservation Investment Co., Ltd.	17,103,441.95	-	-	133,429.22
Shandong Yellow River Delta Gaoqing Black Cattle Investment Co., Ltd.	19,962,878.07	-	-	-248.52
Zibo High-Tech Venture Capital Co., Ltd.	35,076,895.53	-	-	710,176.14
Haizhizao Internet of Things Technology Co., Ltd.	5,858,275.56	-	-	-2,374,119.50
Zibo Jinhui Urban and Rural Construction Co., Ltd.	18,709,527.64	-	-	-1,642,232.85
Chinalco Zibo Industrial Park Development Co., Ltd.	10,212,333.19	-	-	290,344.79
Huantai County Jintai Financing Guarantee Co., Ltd.	46,437,026.15	-	-	636,153.17
Ningxia Shizuishan Qining Technology Development Co., Ltd.	3,980,719.34	-	-	-9,521.56
Zibo High-Tech Venture Capital Co., Ltd.	23,094,007.57	-	-	-1,621,764.57
Shandong Ruisi New Energy Technology Co., Ltd.	325,000.00	-	325,000.00	-
Digital Zibo Operation and Development Co., Ltd.	500,000,000.00	-	500,000,000.00	-
Total	4,564,725,705.88	-	526,325,000.00	131,823,705.01

Continued :

Investment units	Increase/decrease in the current period					Closing balance (book value)
	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Prepare for impairment.	Other	
Associates	-	-	-	-	-	-

Investment units	Increase/decrease in the current period					Closing balance (book value)
	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Prepare for impairment.	Other	
Zibo Corben Polymer New Materials Co., Ltd.	-	-	-	-	-2,984,645.76	-
Shandong Tianshuo Financing Guarantee Co., Ltd.	-	-	495,000.00	-	-	26,583,809.71
Qilu Equity Exchange Center Co., Ltd.	-	-	-	-	-	76,399,859.46
Qishang Bank Co., Ltd.	27,444,401.34	-14,849,509.00	-	-	-25,862,400.00	3,062,124,403.29
Zibo Xingang New Energy Co., Ltd.	-	-	-	-	-	10,786,333.42
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	-	-	-	-	-	17,887,794.07
Qixin Investment Management (Zibo) Co., Ltd.	-	-	-	-	-	346,016,664.80
Shenzhen CIMC Intelligent Technology Co., Ltd.	-	-	-	-	-	25,350,387.71
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	-	-	-	-	-	3,000,000.00
Shandong Chengyi Natural Gas Utilization Co., Ltd.	-	-	-	-	-	25,845,291.61
Zibo Chengzhi Gas Co., Ltd.	-	-	-	-	-	1,888,943.49
Zibo City Gas Co., Ltd.	-	-	8,000,000.00	-	-	103,304,844.15
Zibo China Resources Gas Co., Ltd.	-	-	-	-	-	205,405,380.45
Zibo Qiyuan Green Core Technology Co., Ltd.	-	-	-	-	-	8,559,681.24
Zibo TELD New Energy Technology Co., Ltd.	-	-	-	-	-	13,973,439.38
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	-	-	882,000.00	-	-	15,911,034.63
Zibo Banyang City Gas Co., Ltd.	-	-	8,966,582.64	-	-	16,033,486.10
Zibo Energy Conservation Investment Co., Ltd.	-	-	-	-	-	17,236,871.17

Investment units	Increase/decrease in the current period					Closing balance (book value)
	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Prepare for impairment.	Other	
Shandong Yellow River Delta Gaoqing Black Cattle Investment Co., Ltd.	-	-	-	-	-	19,962,629.55
Zibo High-Tech Venture Capital Co., Ltd.	-	-	-	-	-	35,787,071.67
Haizhizao Internet of Things Technology Co., Ltd.	-	-	-	-	-	3,484,156.06
Zibo Jinhui Urban and Rural Construction Co., Ltd.	-	-	-	-	-	17,067,294.79
Chinalco Zibo Industrial Park Development Co., Ltd.	-	-	-	-	-	10,502,677.98
Huantai County Jintai Financing Guarantee Co., Ltd.	-	-	-	-	-	47,073,179.32
Ningxia Shizuishan Qining Technology Development Co., Ltd.	-	-	-	-	-	3,971,197.78
Zibo High-Tech Venture Capital Co., Ltd.	-	-	-	-	-	21,472,243.00
Shandong Ruisi New Energy Technology Co., Ltd.	-	-	-	-	-	-
Digital Zibo Operation and Development Co., Ltd.	-	-	-	-	-	-
Total	27,444,401.34	-14,849,509.00	18,343,582.64	-	-28,847,045.76	4,135,628,674.83

2. Pursuant to the Official Reply of Zibo Municipal People's Government on Approving the Transfer of State-owned Equity in Four Municipal State-owned Enterprises including Zibo Energy Group Co., Ltd. (Document No. Zi Zheng Zi [2021] 23), the Company took 100% equity interests in Zibo Energy Group Co., Ltd., Zibo Water Group Co., Ltd., Zibo Thermal Power Group Co., Ltd. and Zibo Security Service Co., Ltd. as subsidiaries for consolidated accounting with 31 December 2020 as the benchmark date, and incorporated them into the scope of consolidated financial statements. As a result of the above transfer, the Company's shareholding in Qishang Bank Co., Ltd. within the consolidated scope rose from 4.99% to 17.24%. In addition, in December 2020, the Chairman of the Company was appointed by Zibo Municipal People's Government to concurrently serve as the Chairman of Qishang Bank Co., Ltd. Taken together, the Company exercises significant

influence over the operations of Qishang Bank. Therefore, the equity investment in Qishang Bank was reclassified to the equity method of accounting at the end of 2020. The carrying amount of the investment at year-end was recognized based on the Company's direct and indirect share of Qishang Bank's net assets at the year-end. At the end of 2020, the difference between the carrying amount of the available-for-sale financial assets and the Company's attributable share of Qishang Bank's net assets was directly recognized as non-operating income.

16. Other equity instrument investments

Item	Closing balance	Opening balance
Jinshi New Materials Industry Mother Fund (Zibo) Partnership (Limited Partnership)	5,175,769,977.87	4,125,844,237.14
Zibo Daode Equity Investment Fund Partnership (Limited Partnership)	1,129,007,453.62	1,925,322,398.33
Zibo Hengsong Youche Equity Investment Fund Partnership (Limited Partnership)	239,153,527.23	1,098,269,449.05
Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership)	1,979,618,063.39	2,050,710,367.75
Zibo Longmen Venture Capital Partnership (Partnership)	142,444,992.31	207,441,526.61
Zibo Hetai Equity Investment Partnership (Co., Ltd.)	222,766,255.72	256,177,756.49
Zibo Qilu Cornerstone Venture Capital Partnership (Limited Partnership)	662,626,784.55	649,965,564.04
Lianneng Logistics Technology Co., Ltd.	76,304,146.57	123,574,024.28
Shandong Blue Star Zhiyun Equity Investment Partnership (Limited Partnership)	249,595,231.14	255,193,430.75
Zibo Zhongsheng Equity Investment Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	83,135,435.51	152,123,514.37
Zibo Yingke Qiyun Equity Investment Fund	170,084,989.76	214,461,623.48
Zibo Longmen Hongtai Industrial Investment Fund	136,043,590.84	176,354,642.94
Shandong Luxin Capital Market Development Equity Investment Fund Partnership (Limited Partnership)	87,951,731.02	82,189,856.45
Shandong Lushang Rural Revitalization Fund Partnership (Limited Partnership)	203,847,276.55	145,417,254.18
Zibo Qiheng Xiangsong Equity Investment Fund Partnership (Limited Partnership)	86,977,077.96	98,712,687.91
Shandong Financial Asset Management Co., Ltd.	469,006,458.00	384,637,946.08
Zibo Boshan Daode Equity Investment Fund Partnership (Limited Partnership)	11,198,321.25	35,630,122.48
Shandong Future Group Co., Ltd.	71,589,300.57	73,951,273.63
Lianneng Zero Carbon (Zibo) Equity Investment Fund Partnership (Limited Partnership)	494,078.12	494,078.12
Beijing Runxin Xincaizhi Venture Capital Fund Partnership (Limited Partnership)	69,572,071.76	72,999,285.90
Zibo Yingke Growth No.6 Venture Capital Fund	97,012,319.98	63,244,003.29
Zibo Runxin Dongyue New Materials Equity Investment Fund Partnership (Limited Partnership)	222,093,568.76	271,073,541.86
Yiheyuan (Zibo) New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)	80,092,942.19	60,687,000.18
Zibo Zhongsheng Jiantou Equity Investment Fund Partnership (Limited Partnership)	25,994,417.68	25,971,643.42
Shandong Caijin Venture Capital Equity Investment Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	25,481,477.20	31,675,545.35
Zibo Jianrui Venture Capital Center (Limited Partnership)	6,442,798.09	14,058,272.50

Item	Closing balance	Opening balance
China Railway Shengxin (Qingdao) Equity Investment Enterprise (Limited Partnership)	129,369,724.17	46,433,696.48
Aike Technology Co., Ltd.	-	25,386,458.33
Shandong Development Investment Holding Group Co., Ltd.	49,816,096.46	46,895,499.85
Zibo Luyu Green Equity Investment Partnership (Limited Partnership)	42,710,354.20	28,890,455.46
Zibo Shunnong Equity Investment Fund Partnership (Limited Partnership)	9,974,798.24	4,679,874.73
Zibo Yuntian Venture Capital Partnership (Limited Partnership)	6,903,981.57	7,604,458.22
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	11,247,957.52	9,999,000.00
Zibo Hengrui Shasha Equity Investment Fund Partnership (Limited Partnership)	27,949,126.00	32,140,936.46
Shanxi High-Tech Inclusive Tourism and Culture Development Co., Ltd.	241,102.08	1,116,742.24
Shandong New Kinetic Energy Fund Management Co., Ltd.	6,579,462.50	6,579,462.50
Zibo Zhongsheng Haichuan Equity Investment Fund Partnership	7,572,368.09	7,028,533.33
Butian (Zibo) Equity Investment Fund Partnership for New and Old Kinetic Energy Conversion (Limited Partnership)	2,455,870.88	2,656,836.55
Zibo Huanuo Health Industry Equity Investment Partnership (Limited Partnership)	1,323,573.31	1,323,926.77
Henan Feiao Parking Equipment Technology Co., Ltd.	2,701,448.67	2,674,075.98
Zibo Zhongchuang Angel Investment Fund Partnership (Limited Partnership)	1,850,774.66	4,055,126.23
Zibo Chengyun New Kinetic Energy Industry Development Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Yiyuan Lijun Shuan Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Jinan Ruiwei Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Shenzhen Xinruanshi Information Technology Co., Ltd.	197,991.05	300,000.00
Shandong Xingquan Technology Co., Ltd.	9,895,940.58	35,425,154.05
Zibo Caijin Dingcheng Venture Capital Partnership (Limited Partnership)	1,000,000.00	1,000,000.00
Shandong Dongneng Jiahe Venture Capital Fund Partnership (Limited Partnership)	84,885,089.74	84,499,061.94
Shandong Shanneng New Materials Equity Investment Fund Partnership (Limited Partnership)	31,000,000.00	31,000,000.00
Total	12,154,979,947.36	12,978,870,345.70

[Note] On initial recognition, the enterprise designated investments in non-trading equity instruments as financial assets measured at fair value through other comprehensive income and presented them as other equity instrument investments. Fair value was determined by reference to

the Financial Asset Fair Value Valuation Reports Lu Zheng Xin Zi Bao Zi (2025) Nos. 0029, 0030, 0031 and 0032 issued by Shandong Zhengyuan Hexin Assets Appraisal Co., Ltd.

17. Other non-current financial assets

Item	Closing balance	Opening balance
Zibo Xingang Fine Chemical Co., Ltd.	20,000,000.00	20,000,000.00
Huantai China Resources Gas Co., Ltd.	9,500,000.00	9,500,000.00
Zibo Jinjie Natural Gas Pipeline Transportation Service Co., Ltd.	2,972,973.00	2,972,973.00
Polestar Automotive Holding Co., Ltd.	140,613,569.42	298,203,670.14
Financial Assets Classified as Fair Value Through Profit or Loss	300,013,825.00	294,858,593.72
Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd.	1,203,377,344.17	1,157,501,923.55
Shandong Enterprise Trusteeship Operation Co., Ltd.	5,202,621.13	6,316,819.68
Shandong Xinhua Health Industry Co., Ltd.	8,327,449.54	8,643,168.27
Shandong Yantai Tashan Enterprise Group Co., Ltd.	5,916,814.92	5,704,321.08
Shandong Guiyuan New Materials Co., Ltd.	6,610,140.74	6,610,140.74
Zibo Qimingxing New Materials Co., Ltd.	11,970,000.00	11,970,000.00
AUBO (Beijing) Intelligent Technology Co., Ltd.	180,099,954.45	100,000,000.00
Digital Zibo Operation and Development Co., Ltd.	501,601,600.00	-
Xiamen Hengkun New Materials Technology Co., Ltd.	348,379,565.77	-
Total	2,744,585,858.14	1,922,281,610.18

[Note] Fair value was determined by reference to the Financial Asset Fair Value Valuation Report Lu Zheng Xin Zi Bao Zi (2025) No. 0029 and the Financial Asset Fair Value Valuation Report Lu Zheng Xin Zi Bao Zi (2025) No. 0010 issued by Shandong Zhengyuan Hexin Assets Appraisal Co., Ltd.

18. Investment properties

1. Details

Item	Building and structure	Land use right	Total
(1) Original book value			

Item	Building and structure	Land use right	Total
1) Opening balance	70,025,656.14	1,938,940.00	71,964,596.14
2) Increases during the period			
①Purchase	-	-	-
②Transfer from construction in progress	220,400.00	-	220,400.00
③Increase in business consolidation	-	-	-
④Other	222,900.00	-	222,900.00
3) Decreases during the period	-	-	-
①Disposal	-	-	-
②Converted into fixed assets/intangible assets	-	-	-
4) Closing balance	70,468,956.14	1,938,940.00	72,407,896.14
(2) Accumulated depreciation and accumulated amortization			
1) Opening balance	11,213,154.69	727,627.62	11,940,782.31
2) Increases during the period			
①Provision or amortization	592,826.61	-	592,826.61
②Increase in business consolidation	-	-	-
3) Decreases during the period			
①Disposal	-	-	-
②Others	-	-	-
4) Closing balance	11,805,981.30	727,627.62	12,533,608.92
(3)Preparation for impairment			
1) Opening balance	-	-	-
2) Increase for the current period			
① Provision	-	-	-
② Increased consolidation	-	-	-
3) Reductions in the current period			
① Disposal	-	-	-
② Other transfers	-	-	-
4) Closing balance	-	-	-

Item	Building and structure	Land use right	Total
(4) Book value			
1) Closing book value	58,662,974.84	1,211,312.38	59,874,287.22
2) Opening book value	58,812,501.45	1,211,312.38	60,023,813.83

19. Fixed assets

1. Details

Item	Closing balance	Opening balance
Fixed assets	6,247,762,161.40	5,211,577,414.70
Capital asset clean-up	69,993.87	1,276,668.81
Total	6,247,832,155.27	5,212,854,083.51

2. Fixed assets

(1)Details

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
(1) Original book value							
1) Opening balance	1,919,576,487.99	3,750,871,929.61	3,563,056,428.26	107,559,571.56	141,754,756.90	96,903,415.63	9,579,722,589.95
2) Increases during the period							
①Purchase	612,803.08	27,825,084.34	977,963,494.84	2,923,397.81	7,229,522.08	4,427,052.64	1,020,981,354.79
②Transferred from construction in progress	363,434,223.55	182,214,251.37	104,110,348.45		515,769.92	10,235,530.83	660,510,124.12
③Increase in business consolidation	-		-	145,574.00	168,208.10	-	313,782.10
④Additions from Debt Restructuring	3,145,960.38	-	150,000.00	-	-	16,273.27	3,312,233.65
⑤Other	9,562,933.30	-	-	763,336.90	-	187,802.52	10,514,072.72
3) Decreases during the period							
①Disposal or scrapping	1,635,155.81	607,703.66	79,834,507.63	5,452,842.08	7,081,626.15	3,447,402.47	98,059,237.80
②Deductions from Debt Restructuring	-	-	215,111.11	5,416,918.50	-	-	5,632,029.61
③Other	58,182,610.39	185,269,458.09	58,520,423.29	1,919,866.26	1,635,148.68	118,836.48	305,646,343.19
4) Closing balance	2,236,514,642.10	3,775,034,103.57	4,506,710,229.52	98,602,253.43	140,951,482.17	108,203,835.94	10,866,016,546.73
(2) Accumulated depreciation							
1) Opening balance	623,234,701.06	1,757,141,165.55	1,786,062,298.00	78,936,266.44	61,420,063.64	57,131,110.47	4,363,925,605.16

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
2) Increases during the period							
①Provision	46,692,524.68	141,391,240.17	284,707,382.80	6,602,248.56	19,357,794.50	7,884,931.31	506,636,122.02
②Deductions from Debt Restructuring	-	-	-	145,573.95	163,226.46	-	308,800.41
③Other							
3) Decrease in the current period	486,499.12	445,147.99	53,755,070.84	5,306,151.67	803,669.96	2,455,994.56	63,252,534.14
①Disposal or scrapping	-	-	204,355.55	5,146,072.57	-	-	5,350,428.12
②Other	32,277,621.71	132,472,546.45	20,383,220.20	1,500,228.31	1,480,296.94	118,836.48	188,232,750.09
4) Closing balance	637,163,104.91	1,765,614,711.28	1,996,427,034.21	73,731,636.40	78,657,117.70	62,441,210.74	4,614,034,815.24
(3)Preparation for impairment							
2) Opening balance	811,161.82	3,408,408.27	-	-	-	-	4,219,570.09
3) Increase for the current period							
① Provision	-	-	-	-	-	-	-
② Increased consolidation	-	-	-	-	-	-	-
4) Reductions in the current period							
① Disposal	-	-	-	-	-	-	-
② Other transfers	-	-	-	-	-	-	-

Item	Houses and buildings	Pipe Runner	Machine equipment	Transport	Electronic equipment	Other equipment	Total
4) Closing balance	811,161.82	3,408,408.27	-	-	-	-	4,219,570.09
(4) Book value							
1) Closing book value	1,598,540,375.37	2,006,010,984.02	2,510,283,195.31	24,870,617.03	62,294,364.47	45,762,625.20	6,247,762,161.40
2) Opening book value	1,295,530,625.11	1,990,322,355.79	1,776,994,130.26	28,623,305.12	80,334,693.26	39,772,305.16	5,211,577,414.70

(1) Fixed assets with no title certificate at the end of the period

Item	Book value	Reason for failure to complete title certificate
Good-faith gas house construction Objects	8,030,211.58	Processing
Yinhuang Real Estate	31,517,072.22	Processing
Ai Te Yun Xiang Incubation Center	306,775,528.23	Processing
Subtotal	346,322,812.03	-

20. Construction in progress

1. Details

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Construction in progress	1,573,268,036.50	-	1,573,268,036.50	2,706,088,992.18	-	2,706,088,992.18

2. Construction in progress

(1) Details

Items	Closing balance		
	Book balance	Impairment provision	Carrying amount
Heating works	52,703,718.26	-	52,703,718.26
Zibo Science and Innovation Financial Industrial Park	-	-	-
Pipework	909,863.03	-	909,863.03
Water works	866,168,321.84	-	866,168,321.84
Pump station engineering	192,903,693.75	-	192,903,693.75
Pipework	158,407,190.17	-	158,407,190.17
Pipeline gas project	28,823,596.49	-	28,823,596.49
Plant works	8,174,873.52	-	8,174,873.52
Optical Fiber Project	161,967,749.13	-	161,967,749.13
Sci-Tech Industrial Park Project	-	-	-
New Construction Project of Intelligent Equipment & Industrial Robots	-	-	-
Monitoring Instruments Project	-	-	-
Project for the construction of a digital workshop in the North Central High Zone	39,065,099.76	-	39,065,099.76
Powder Spraying Line Accumulating Conveying System	-	-	-
Project for the integration of the intellectual cloud chain at the edge of the Att cloud	24,025,266.35	-	24,025,266.35
Welding robot digital transformation project	33,261,385.42	-	33,261,385.42
Other sporadic projects	6,857,278.78	-	6,857,278.78

Subtotal	1,573,268,036.50	-	1,573,268,036.50

Continued :

Items	Opening balance		
	Book balance	Impairment provision	Carrying amount
Heating works	72,927,250.96	-	72,927,250.96
Zibo Science and Innovation Financial Industrial Park	948,184,695.83	-	948,184,695.83
Pipework	4,110,483.45	-	4,110,483.45
Water works	813,393,477.92	-	813,393,477.92
Pump station engineering	76,728,859.40	-	76,728,859.40
Pipework	231,837,828.09	-	231,837,828.09
Pipeline gas project	54,963,657.79	-	54,963,657.79
Plant works	8,485,437.72	-	8,485,437.72
Optical Fiber Project	126,830,948.02	-	126,830,948.02
Sci-Tech Industrial Park Project	150,595,308.29	-	150,595,308.29
New Construction Project of Intelligent Equipment & Industrial Robots	178,057,146.27	-	178,057,146.27
Monitoring Instruments Project	11,782,023.15	-	11,782,023.15
Project for the construction of a digital workshop in the North Central High Zone	17,391,094.57	-	17,391,094.57
Other sporadic projects	10,800,780.72	-	10,800,780.72
Subtotal	2,706,088,992.18	-	2,706,088,992.18

(2) Details of increases and decreases in construction in progress

Items	Opening balance	Increase for the period	Transfer to fixed asset for the period	Other reductions in this period	Closing balance
Heating works	72,927,250.96	89,483,989.77	61,222,786.52	48,484,735.95	52,703,718.26
Zibo Science and Innovation Financial Industrial Park	948,184,695.83	15,310,831.71	-	963,495,527.54	-
Pipework	4,110,483.45	13,635,853.98	16,836,474.40	-	909,863.03
Water works	813,393,477.92	177,184,306.84	59,585,562.79	64,823,900.13	866,168,321.84
Pump station engineering	76,728,859.40	116,174,834.35	-	-	192,903,693.75

Pipework	231,837,828.09	65,930,335.94	121,170,582.09	18,190,391.77	158,407,190.17
Pipeline gas project	54,963,657.79	14,275,170.14	3,225,149.62	37,190,081.82	28,823,596.49
Plant works	8,485,437.72	7,653,717.59	4,525,875.15	3,438,406.64	8,174,873.52
Optical Fiber Project	126,830,948.02	35,136,801.11	-	-	161,967,749.13
Sci-Tech Industrial Park Project	150,595,308.29	27,607,732.51	178,203,040.80	-	-
New Construction Project of Intelligent Equipment & Industrial Robots	178,057,146.27	1,906,169.30	179,065,757.45	897,558.12	-
Monitoring Instruments Project	11,782,023.15	5,226,445.18	17,008,468.33	-	-
Project for the construction of a digital workshop in the North Central High Zone	17,391,094.57	47,458,624.55	12,383,732.49	13,400,886.87	39,065,099.76
Project for the integration of the intellectual cloud chain at the edge of the Att cloud	-	24,025,266.35	-	-	24,025,266.35
Welding robot digital transformation project	-	33,261,385.42	-	-	33,261,385.42
Other sporadic projects	10,800,780.72	4,205,458.01	7,282,694.48	866,265.47	6,857,278.78
Subtotal	2,706,088,992.18	678,476,922.75	660,510,124.12	1,150,787,754.31	1,573,268,036.50

(3) At the end of the period, there were no significant signs of impairment in construction in progress and therefore no allowance was made for impairment.

21. Right-of-use assets

Item	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Lease	Other	Disposal	Other	
(1) Original book value						
Houses and buildings	24,612,726.77	10,894,357.24	-	13,040,183.80	-	22,466,900.21
Machinery and Equipment	-	160,871,628.67	-	-	-	160,871,628.67
Subtotal	24,612,726.77	171,765,985.91	-	13,040,183.80	-	183,338,528.88
(2) Accumulated depreciation						
Houses and buildings	15,145,490.62	5,707,894.83	-	9,620,559.00	-	11,232,826.45
Machinery and Equipment	-	2,896,960.78	-	-	-	2,896,960.78

Item	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Lease	Other	Disposal	Other	
Subtotal	15,145,490.62	8,604,855.61	-	9,620,559.00	-	14,129,787.23
(3) Book value						
Houses and buildings	9,467,236.15					11,234,073.76
Machinery and Equipment	-					157,974,667.89
Subtotal	9,467,236.15					169,208,741.65

22. Intangible assets

1. Details

Item	Land tenure	Non-proprietary	Software access rights	Trademark rights	Other	Total
(1) Original book value						
1) Opening balance	2,666,468,364.80	-	54,021,459.52	-	106,056,848.26	2,826,546,672.58
2) Added this period						
①Purchase	31,102,395.00	-	13,469,819.44	-	-	44,572,214.44
②Internal R&D	-	-	-	-	4,294,981.20	4,294,981.20
③Increase in business consolidation	-	-	-	-	-	-
3) Decrease in the current period						
①Disposal	338,954.00	-	-	-	-	338,954.00
②Other	2,261,909.00	-	230,000.00	-	-	2,491,909.00
4) Closing balance	2,694,969,896.80	-	67,261,278.96	-	110,351,829.46	2,872,583,005.22
(2) Cumulative amortization						
1) Opening balance	564,064,757.26	-	29,717,922.47	-	48,605,790.06	642,388,469.79
2) Added this period						
①provision	54,316,953.34	-	13,820,001.19	-	11,483,255.23	79,620,209.76

Item	Land tenure	Non-proprietary	Software access rights	Trademark rights	Other	Total
②Increase in business consolidation	-	-	-	-	-	-
3) Decrease in the current period						
① Disposal	36,142.98	-	-	-	-	36,142.98
②Other	1,809,528.00	-	66,908.23	-		1,876,436.23
4) Closing balance	616,536,039.62	-	43,471,015.43	-	60,089,045.29	720,096,100.34
(3)Preparation for impairment						
1) Opening balance	-	-	-	-	-	-
2) Increase for the current period						
① Provision	-	-	-	-	-	-
② Increased consolidation	-	-	-	-	-	-
3) Reductions in the current period						
① Disposal	-	-	-	-	-	-
② Other transfers	-	-	-	-	-	-
4) Closing balance	-	-	-	-	-	-
(4) Book value						
1) Closing book value	2,078,433,857.18		23,790,263.53		50,262,784.17	2,152,486,904.88

Item	Land tenure	Non-proprietary	Software access rights	Trademark rights	Other	Total
2) Opening book value	2,102,403,607.54	-	24,303,537.05	-	57,451,058.20	2,184,158,202.79

2. Intangible assets for which title certificates were not completed at the end of the period

Item	Book value	Reason for failure to complete title certificate
Land of Lvbo Gas Yangzhai Peak Shaving Station	765,000.12	Processing

23. Development expenditure

Item	Closing balance	Opening balance
Development of 3D Laser and Other Navigation and Positioning Technologies	-	725,706.11
Development of Dynamic Path Planning for Handling Robots	-	799,162.13
Application and Development of Machine Vision Positioning Technology in AGVs	-	642,925.94
Dual-drive Omnidirectional Mobile Robot Based on Motor Servo Control Algorithm	-	835,921.51
Operation Trajectory Planning Algorithm for Multi-drive Handling Robots	-	651,366.58
Development of Multi-vehicle Cooperative Scheduling System for Intelligent Handling Robots	-	804,449.55
R&D of Underbody Gluing Conveying System	-	486,815.96
R&D of New Generation Smart Logistics Platform (OMH-SLP)	451,498.66	451,498.66
Total	451,498.66	5,397,846.44

24. Goodwill

1. Book value

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Enterprise formation	Other	Disposal	Other	
Zibo Qicheng Industry & Trade Co., Ltd.	16,046,825.46	-	-	-	-	16,046,825.46
Qixin Private Fund Management (Zibo) Co., Ltd.	981,866.78	-	-	-	-	981,866.78
Shandong Qisheng Futures Co., Ltd.	165,815,120.66	-	-	-	-	165,815,120.66
Shandong Aite Yunxiang Information Technology Co., Ltd.	350,336,094.93	-	-	-	-	350,336,094.93
Dongjie Intelligent Technology Group Co.,	1,037,368,082.22	-	-	-	-	1,037,368,082.22

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Enterprise formation	Other	Disposal	Other	
Ltd.						
Dongjie Haiden (Changzhou) Technology Co., Ltd.	288,832,665.62	-	-	-	-	288,832,665.62
Total	1,859,380,655.67	-	-	-	-	1,859,380,655.67

2. Preparation for goodwill impairment

Matters related to the name or goodwill of the investment unit	Opening balance	Increase for the current period		Reduction during the period		Closing balance
		Planning	Other	Disposal	Other	
Dongjie Haiden (Changzhou) Technology Co., Ltd.	66,869,733.94	60,670,696.09	-	-	-	127,540,430.03

3. Relevant Information on the Asset Group or Asset Group Portfolio Containing Goodwill

Item	Composition and Basis of the Asset Group or Portfolio	Operating Segment and Basis	Whether Consistent with Prior Years
Dongjie Haiden (Changzhou) Technology Co., Ltd. Asset Group Including Goodwill	The asset group consists of Dongjie Haiden (Changzhou) Technology Co., Ltd. and its wholly owned subsidiaries. It was identified upon consolidation in 2017, is operated by a common management team, and is capable of independently completing full business processes and generating independent cash flows.	As the management, operation and cash turnover of this asset group are all carried out by companies within the Dongjie Haiden (Changzhou) Technology Co., Ltd. system, the asset group belongs to the operating segment of Dongjie Haiden (Changzhou) Technology Co., Ltd.	Consistent
Shandong Qisheng Futures Co., Ltd.	The asset group consists of Shandong Qisheng Futures Co., Ltd. It was identified upon consolidation in 2021, is operated by a common management team, and is capable of independently completing full business processes and generating independent cash flows.	-	Consistent
Shandong Aite Yunxiang Information Technology Co., Ltd.	The asset group consists of Shandong Aite Yunxiang Information Technology Co., Ltd. and its wholly owned subsidiaries. It was identified upon consolidation in 2021, is operated by a common management team, and is capable of independently completing full business processes and generating independent cash flows.	-	Consistent
Dongjie Intelligent Technology Group Co., Ltd.	The asset group consists of Dongjie Intelligent Technology Group Co., Ltd. and its wholly owned subsidiaries. It was identified upon consolidation in 2021, is operated by a common management team, and is capable of independently completing full business processes and generating independent	-	Consistent

Item	Composition and Basis of the Asset Group or Portfolio	Operating Segment and Basis	Whether Consistent with Prior Years
	cash flows.		

Changes in the Asset Group or Asset Group Portfolio

Item	Composition Before Change	Composition After Change	Objective Facts and Basis Leading to the Change
Dongjie Haiden (Changzhou) Technology Co., Ltd. Asset Group Including Goodwill	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date
Shandong Qisheng Futures Co., Ltd.	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date
Shandong Aite Yunxiang Information Technology Co., Ltd.	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date
Dongjie Intelligent Technology Group Co., Ltd.	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date	No change has occurred in the composition of the asset group to date

4. Specific Method for Determining Recoverable Amount

Recoverable amount determined based on the present value of estimated future cash flows

Item	Carrying Amount of the Asset Group or Asset Group Portfolio Including Goodwill	Recoverable Amount	Impairment Provided for the Current Period
Dongjie Haiden and Its Acquisition Project Asset Group Portfolio	271,440,696.09	210,770,000.00	60,670,696.09

Continued:

Item	Forecast Period	Revenue growth rate, profit margin and other parameters during the forecast period, and basis for determination	Stable-period growth rate, profit margin and other parameters, and basis for determination	Discount Rate and Basis for Determination
Dongjie Haiden and Its Acquisition Project Asset Group Portfolio	The forecast horizon consists of a five-year detailed forecast period (2025-2029) and a perpetuity period after the five-year detailed forecast period (2030 and thereafter).	During the five-year forecast period, the projected revenue growth rates are 50.67%, 7.84%, 0.07%, -7.71% and 6.04%, respectively, and the profit margins are 3.46%, 5.10%, 6.26%, 6.46% and 7.63%, respectively. Forecast revenue is based on contracts on hand not yet completed, new contracts, industry development and forecasts of future markets; relevant expenses, capital expenditures and increases in working capital are projected based on historical revenue ratios and historical operating conditions.	The growth rate in the stable period is 0% and the profit margin is 7.63%. As operations in the perpetuity period are expected to remain stable, these parameters are consistent with those in the final year of the five-year detailed forecast period.	Cash Flow Forecast Discount Rate Used 11.00%, determined by reference to expected return of similar assets in comparable markets

[Note] Fair value was determined by reference to the Goodwill Impairment Test Valuation

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Assets Appraisal Co., Ltd. Except for the impairment provided for the above Dongjie Haiden and its acquisition project asset group portfolio, no indication of impairment was identified for other asset group portfolios.

25. Long-term deferred expenses

Item	Opening balance	Increase for the current period	Amortization during the period	Other reductions	Closing balance	Other causes of reduction
Pipeline cathode protection fee	602,857.10	-	-	88,222.92	514,634.18	-
Renovation of office buildings	8,807,797.84	16,331,855.95	2,867,524.78	70,398.75	22,201,730.26	-
Engineering alteration and maintenance	1,122,061.28	-	-	31,421.61	1,090,639.67	-
Maintenance and strengthening of aircraft rooms	10,790,585.45	-	2,362,178.91	-	8,428,406.54	-
Co-building project for the cultural base of the Zibo Yellow River	763,000.00	-	109,000.00	-	654,000.00	-
IDC project	5,757,919.70	6,246,992.57	2,211,466.85	2,965,443.60	6,828,001.82	-
Financial lease charges	8,424,271.94	21,578,154.34	4,888,638.16	-	25,113,788.12	-
Rental costs	-	275,229.36	118,154.68	-	157,074.68	-
Other sporadic costs	5,107,186.83	81,981.44	2,814,155.70	-	2,375,012.57	-
Total	41,375,680.14	44,514,213.66	15,371,119.08	3,155,486.88	67,363,287.84	-

26. Deferred income tax assets/deferred income tax liabilities

1. Deferred income tax assets before offsetting

Item	Closing balance		Opening balance	
	Impairable temporary differences	Deferred income tax assets	Impairable temporary differences	Deferred income tax assets
Preparation for impairment of assets	936,149,296.92	182,852,338.41	703,757,119.26	146,315,975.83
Assessment of consolidated assets of a non-same controlled enterprise Value	11,924,818.92	2,981,204.73	27,747,690.07	4,162,153.51

Item	Closing balance		Opening balance	
	Impairable temporary differences	Deferred income tax assets	Impairable temporary differences	Deferred income tax assets
Uncumbered losses	194,758,330.88	36,331,798.98	65,611,403.17	10,483,063.30
Transactional financial assets	9,321,117.26	2,317,805.36	361,186.16	216,761.71
Adjustment to lease liability	5,365,576.58	1,341,306.77	3,145,059.87	471,758.98
Product quality assurance	10,240,258.30	1,618,915.18	-	-
Total	1,167,759,398.86	227,443,369.43	800,622,458.53	161,649,713.33

2. Deferred Tax Liabilities Before Offsetting

Item	Closing balance		Opening balance	
	Impairable temporary differences	Deferred income tax assets	Impairable temporary differences	Deferred income tax assets
Change (increase) in fair value of financial assets	6,650,096,095.44	1,608,974,234.50	5,069,447,803.60	1,866,602,083.29
Value added assessed for consolidated assets of a non-same controlled enterprise	37,830,906.44	9,457,726.61	64,979,209.46	9,746,881.42
Investment real estate valuation value added	2,793,934.00	698,483.50	13,220,270.29	5,040,797.41
Depreciation of right-of-use assets	10,282,528.92	2,570,632.23	6,366,338.50	1,018,906.86
Total	6,701,003,464.80	1,621,701,076.84	5,154,013,621.85	1,882,408,668.98

27. Other non-current assets

Category	Closing balance	Opening balance
Prepayments for construction and equipment	62,000,200.04	128,041,068.37
System Usage Fees and Technical Service Fees	3,881,904.53	4,346,322.65
Investment in Futures Membership Qualification	1,200,000.00	1,200,000.00
Other Miscellaneous Amortisation	6,862,501.40	9,753,936.45
Warranty Deposits Over One Year	17,716,145.05	17,328,000.00
Pledge of Certificates of Deposit	57,392,500.00	22,630,000.00
Foreclosed Assets	-	395,412.86
Prepaid Equipment Lease Payments	78,718,228.16	-
Total	227,771,479.18	183,694,740.33

28. Short-term borrowing

Type of borrowing	Closing balance	Opening balance
Loans pledged	115,000,000.00	115,000,000.00
Mortgage borrowing	151,300,000.00	72,920,000.00
Guaranteed borrowing	1,969,727,000.00	1,363,806,228.77
Credit borrowing	1,083,095,852.11	887,650,000.00
Mortgage + credit lending	10,000,000.00	10,000,000.00
Letter of Credit	79,000,000.00	-
Mortgage and Guaranteed Borrowings	-	18,000,000.00
Accrued Interest	3,607,004.30	2,143,611.31
Total	3,411,729,856.41	2,469,519,840.08

29. Financial Liabilities Held for Trading

Item	Closing Balance	Opening Balance
Financial liabilities measured at fair value through profit or loss	-	10,713,765.83
Including: Interests of Other Holders of Structured Entities	-	10,618,965.83
Derivative Financial Instruments	-	94,800.00
Total	-	10,713,765.83

30. Notes payable

Item	Closing balance	Opening balance
Bank Acceptance Bills	193,890,972.25	276,494,770.12
Commercial Acceptance Bills	36,408,999.31	111,818,278.16
Total	230,299,971.56	388,313,048.28

31. Accounts payable

1. Details

Ageing	Closing balance	Opening balance
Within 1 year	1,101,949,197.74	1,553,476,161.39
1-2 years	346,445,790.68	255,674,969.46
2-3 years	106,474,653.59	51,892,566.70
More than 3 years	219,688,834.54	213,940,159.81
Total	1,774,558,476.55	2,074,983,857.36

2. Description of significant accounts payable older than 1 year

Name of entity	Closing balance	Reasons for outstanding or not carried forward
Zibo Urban Asset Operation Group Co., Ltd.	29,587,465.05	Business not completed

3. Top Five Accounts Payable by Amount

Name of entity	Closing balance	Aging	Reason for Non-settlement
Zibo Urban Asset Operation Group Co., Ltd.	46,224,480.32	Within 1 Year and 1-2 Years	Business not completed
Shandong Juzhicheng New Materials Co., Ltd.	40,260,403.40	Within 1 Year	Business not completed
Shandong South-to-North Water Diversion Project Construction and Administration Bureau	39,152,412.31	Within 1 Year and 1-2 Years	Business not completed
Zhongling Construction Group Co., Ltd.	36,366,418.50	Within 1 Year	Business not completed
Zhejiang Zhongjiang Intelligent Equipment Co., Ltd.	26,261,854.98	Within 1 Year and 1-2 Years	Business not completed
Subtotal	188,265,569.51		

32. Advance receipts

Item	Closing balance	Opening balance
Within 1 year	-	74,032.00

33. Contract liabilities

Item	Closing balance	Opening balance
Contractual liabilities related to product sales	1,999,785,591.82	2,097,034,444.14

34. Employee compensation payable

1. Details

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Short-term remuneration	136,390,646.91	1,007,998,380.48	1,014,633,233.66	129,755,793.73
(2)Post-employment benefit plan – defined contribution scheme	962,803.35	187,235,961.94	184,102,084.30	4,096,680.99
(3)Termination benefits	-	1,612,801.11	405,059.76	1,207,741.35
(4)Other benefits due within one year	137,353,450.26	1,196,847,143.53	1,199,140,377.72	135,060,216.07

2. Short-term remuneration

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Salaries, bonuses, allowance and subsidies	118,076,538.33	759,332,797.35	767,879,859.08	109,529,476.60
(2)Staff welfare	3,775,767.40	35,886,927.57	35,592,133.85	4,070,561.12
(3)Social insurance premium	1,429,567.78	93,303,425.68	92,501,350.06	2,231,643.40
Including: Medical insurance premium	1,301,625.79	84,812,120.24	84,064,260.84	2,049,485.19
Work-related injury insurance premium	127,941.99	8,491,305.44	8,437,089.22	182,158.21
(4)Housing provident funds	2,302,738.63	105,509,004.95	104,305,961.22	3,505,782.36
(5)Union funds and workers' education	10,806,034.77	13,966,224.93	14,353,929.45	10,418,330.25
(6)Other short-term remuneration	-	-	-	-
Subtotal	136,390,646.91	1,007,998,380.48	1,014,633,233.66	129,755,793.73

3. Establishment of a savings plan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
(1)Basic pension insurance	922,085.86	159,242,902.41	156,240,850.05	3,924,138.22
(2)Unemployment insurance	40,077.49	9,938,205.14	9,806,379.86	171,902.77
(3)Contributions to the Enterprise 's Annual Pension	640.00	18,054,854.39	18,054,854.39	640.00
Subtotal	962,803.35	187,235,961.94	184,102,084.30	4,096,680.99

35. Taxes and surcharges payable

Items	Closing balance	Opening balance
Value added tax	43,029,041.03	34,566,053.39
Corporate income tax	74,124,236.56	92,254,517.02
Personal income tax	2,447,902.54	2,775,700.40
Urban maintenance tax	2,557,176.19	2,510,269.54

Property tax	2,326,820.72	1,745,116.62
Education surcharge	1,556,498.52	1,478,958.87
Land use tax	16,936,218.47	5,606,525.05
Stamp tax	1,510,850.65	3,096,404.77
Local Comprehensive Fund	-	130,723.06
Resource tax	27,236,520.01	30,709,117.21
Land Value-Added Tax	88,365.60	-
Vehicle and Vessel Tax	855.00	-
Other taxes	633.62	-
Total	171,815,118.91	174,873,385.93

36. Other payables

1. Details

Items	Closing balance	Opening balance
Interest payable	-	-
Payable to dividends	80,112,000.00	49,752,000.00
Other payable	4,741,008,017.19	4,858,795,572.91
Total	4,821,120,017.19	4,908,547,572.91

2. Payable to dividends

Items	Closing balance	Opening balance
General dividends	80,112,000.00	49,752,000.00

3. Other payable

(1) Details

Items	Closing balance	Opening balance
Investment	225,718,555.83	1,007,269,496.83
Advance costs	302,400,390.06	316,360,559.78
Transactions	3,350,257,450.94	2,720,028,202.58
Borrowing	328,036,496.31	384,000,000.00
Other	534,595,124.05	431,137,313.72

Items	Closing balance	Opening balance
Subtotal	4,741,008,017.19	4,858,795,572.91

(2) Description of the Nature or Content of Significant Other Payables

Name of Entity	Closing Balance	Nature of the Amount
Zibo Urban Asset Operation Group Co., Ltd.	2,014,336,819.44	Current Accounts
Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	327,840,000.00	Current Accounts
Shandong Dashun Tiancheng Real Estate Co., Ltd.	184,437,591.19	Current Accounts
Weifang Hengxin Construction Group Co., Ltd.	170,993,001.30	Current Accounts
Shandong Liyun Network Technology Co., Ltd.	115,013,572.21	Current Accounts
Subtotal	2,812,620,984.14	

37. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowing due within one year	839,170,213.86	357,478,074.43
Bonds due within one year	1,209,550,883.89	1,909,017,017.75
Long-term accounts payable within one year	306,389,513.46	706,563,348.92
Lease liability due within one year	36,982,876.01	3,058,034.66
Total	2,392,093,487.22	2,976,116,475.76

38. Other current liabilities

Items	Closing balance	Opening balance
Taxable — duty to be transferred	200,568,257.12	231,626,774.86
Reserve for liability not due	18,867,320.90	11,653,682.65
Reserve for guaranteed compensation (reserve pending)	61,324,738.86	72,580,342.86
Currency deposit payable	3,950,278,933.65	3,151,818,164.63
Bonds payable	212,523,264.00	75,507,192.00
Futures risk reserve	45,655,722.38	42,756,732.64
Futures Investor Guarantee Fund payable	245,378.96	291,483.61
Other	44,167,290.41	15,696,022.85

Items	Closing balance	Opening balance
Total	4,533,630,906.28	3,601,930,396.10

39. Long-term borrowing

Items	Closing balance	Opening balance
Loans pledged	565,900,000.00	207,000,000.00
Mortgage borrowing	153,650,041.67	193,300,000.00
Guaranteed borrowing	2,984,635,360.13	1,714,294,411.50
Credit lending	178,873,600.00	208,873,600.00
Pledge + Guaranteed Borrowing	22,101,869.37	18,895,773.46
Mortgage + Guaranteed borrowing	344,000,000.00	-
Taking interest	49,479,065.33	35,498,965.93
Less: Long-term borrowings due within one year	839,170,213.86	357,478,074.43
Total	3,459,469,722.64	2,020,384,676.46

40. Bonds payable

1. Details

Items	Closing balance	Opening balance
Bond amount	11,368,455,772.69	9,024,529,093.06

2. Movements in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Bond type	Duration	Date of issue	Total nominal value	Opening balance	Amount due within one year	Opening bond principal balance (inclusive of maturity of 1 year)	Amortization of premiums
20 Zibo Caijin 02 [Note 1]	5 years	2020/11/3	1,200,000,000.00	1,207,752,068.82	1,200,000,000.00	1,798,815.07	-
22 Zibo Caijin 01 [Note 2]	3+2 years	2022/4/27	700,000,000.00	717,305,254.85	700,000,000.00	532,223.80	-
22 Zibo Caijin 02 [Note 2]	3+2 years	2022/6/15	800,000,000.00	814,244,209.84	800,000,000.00	624,142.37	-
23 Zibo Caijin 01 [Note 3]	3 years	2023/2/17	1,000,000,000.00	1,039,676,068.14	1,000,000,000.00	943,917.38	-
23 Zibo Caijin PPN001 (Sci-Tech Innovation Note) [Note 4]	3 years	2023/5/9	500,000,000.00	516,735,876.33	500,000,000.00	444,448.61	-
23 Zibo Caijin PPN002 (Sci-Tech Innovation Note) [Note 4]	3 years	2023/9/7	600,000,000.00	608,575,572.41	600,000,000.00	242,563.21	-
23 Jinkong 3.7% N20260920 [Note 5]	3 years	2023/9/20	580,000,000.00	576,732,259.26	580,000,000.00	-1,261,824.15	-
23 Zibo Caijin 02 [Note 3]	5 years	2023/11/14	1,000,000,000.00	1,002,126,029.12	1,000,000,000.00	541,106.68	-
23 Zibo Caijin Bond [Note 6]	7 years	2023/12/7	1,050,000,000.00	1,046,645,931.37	1,050,000,000.00	995,406.25	-
23 Zibo Caijin K1 [Note 7]	5 years	2023/12/27	1,000,000,000.00	997,896,763.08	1,000,000,000.00	493,592.16	-
24 Zibo Caijin K1 [Note 8]	5 years	2024/3/20	500,000,000.00	-	-	-1,798,135.94	500,000,000.00
24 Zibo Caijin PPN001 [Note 9]	3+2 years	2024/4/23	500,000,000.00	-	-	-1,120,591.46	500,000,000.00
24 Zibo Caijin MTN001 [Note 10]	5 years	2024/8/22	500,000,000.00	-	-	-2,054,777.43	500,000,000.00

Bond type	Duration	Date of issue	Total nominal value	Opening balance	Amount due within one year	Opening bond principal balance (inclusive of maturity of 1 year)	Amortization of premiums
24 Zibo Caijin MTN002 [Note 10]	3 years	2024/10/14	1,000,000,000.00	-	-	-3,267,092.26	1,000,000,000.00
24 Zibo Caijin MTN003 [Note 10]	3 years	2024/11/4	500,000,000.00	-	-	-1,269,601.95	500,000,000.00
24 Zibo Caijin PPN002 [Note 9]	3 years	2024/12/11	500,000,000.00	-	-	-1,747,493.41	500,000,000.00
Dongjie Convertible Bonds [Note 11]	6 years	2022/10/14	570,000,000.00	496,839,059.84	562,581,200.00	14,885,725.74	-
Total			12,500,000,000.00	9,024,529,093.06	8,992,581,200.00	8,982,424.67	3,500,000,000.00

Continued :

Bond type	Issued during the period	Current period reimbursement	Accrued interest for the current period	Amount due within one year	Bond principal balance	Closing balance
20 Zibo Caijin 02 [Note 1]	69,600,000.00	69,600,000.00	1,209,550,883.89		-	-
22 Zibo Caijin 01 [Note 2]	28,070,000.00	28,070,000.00	-	700,000,000.00	717,837,478.65	-
22 Zibo Caijin 02 [Note 2]	30,080,000.00	30,080,000.00	-	800,000,000.00	814,868,352.21	-
23 Zibo Caijin 01 [Note 3]	48,000,000.00	48,000,000.00	-	1,000,000,000.00	1,040,619,985.52	-
23 Zibo Caijin PPN001 (Sci-Tech Innovation Note)	27,500,000.00	27,500,000.00	-	500,000,000.00	517,180,324.94	-
23 Zibo Caijin PPN002 (Sci-Tech Innovation Note) [Note 4]	29,280,000.00	29,280,000.00	-	600,000,000.00	608,818,135.62	-

Bond type	Issued during the period	Current period reimbursement	Accrued interest for the current period	Amount due within one year	Bond principal balance	Closing balance
23 Jinkong 3.7% N20260920 [Note 5]	21,518,580.00	21,460,000.00	-	580,000,000.00	575,411,855.11	-
23 Zibo Caijin 02 [Note 3]	37,000,000.00	37,000,000.00	-	1,000,000,000.00	1,002,667,135.80	-
23 Zibo Caijin Bond [Note 6]	53,760,000.00	53,760,000.00	-	1,050,000,000.00	1,047,641,337.62	27,023,113.08
23 Zibo Caijin K1 [Note 7]	40,000,000.00	40,000,000.00	-	1,000,000,000.00	998,390,355.24	1,048,631,462.25
24 Zibo Caijin K1 [Note 8]	-	15,159,562.84	-	500,000,000.00	513,361,426.90	998,903,522.90
24 Zibo Caijin PPN001 [Note 9]	-	11,188,524.59	-	500,000,000.00	510,067,933.13	513,787,608.47
24 Zibo Caijin MTN001 [Note 10]	-	5,368,852.46	-	500,000,000.00	503,314,075.03	510,327,790.74
24 Zibo Caijin MTN002 [Note 10]	-	6,947,540.98	-	1,000,000,000.00	1,003,680,448.72	503,756,549.23
24 Zibo Caijin MTN003 [Note 10]	-	2,522,950.82	-	500,000,000.00	501,253,348.87	1,004,853,003.96
24 Zibo Caijin PPN002 [Note 9]	-	740,437.16	-	500,000,000.00	498,992,943.75	501,699,788.86
Dongjie Convertible Bonds [Note 11]	1,805,900.00	4,431,750.00	-	560,775,300.00	514,350,635.58	499,571,000.80
Total	386,614,480.00	431,109,618.85	1,209,550,883.89	11,290,775,300.00	11,368,455,772.69	10,013,974,695.59

[Note 1] Pursuant to the Letter of No Objection from the Shenzhen Stock Exchange on Zibo Caijin Holding Group Co., Ltd.'s 2020 Non-public Issuance of Corporate Bonds Meeting the Transfer Conditions of the Shenzhen Stock Exchange (Shen Zheng Han [2020] No. 837), the Company privately issued corporate bonds of RMB 1.2 billion on 3 November 2020. The bond short name is 20 Zibo Caijin 02, the bond code is 114843.SZ, the coupon rate is 5.8% per annum, and the term is five years.

[Note 2] On 27 April 2022, the Company privately issued the 2022 first tranche corporate bonds of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 700 million, with a coupon rate of 4.01% per annum and a term of five years. On 15 June 2022, the Company privately issued the 2022 second tranche corporate bonds of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 800 million, with a coupon rate of 3.76% per annum and a term of five years.

[Note 3] On 23 February 2023, the Company privately issued the 2023 first tranche corporate bonds of Zibo Caijin Holding Group Co., Ltd. to professional investors in the amount of RMB 1.0 billion, with a coupon rate of 4.80% per annum and a term of three years. On 17 November 2023, the Company privately issued the 2023 second tranche corporate bonds of Zibo Caijin Holding Group Co., Ltd. to professional investors in the amount of RMB 1.0 billion, with a coupon rate of 3.70% per annum and a term of five years.

[Note 4] On 10 May 2023, the Company issued the 2023 first tranche private placement debt financing instruments (sci-tech innovation notes) of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 500 million, with a coupon rate of 5.50% per annum and a term of three years. On 8 September 2023, the Company issued the 2023 second tranche private placement debt financing instruments (sci-tech innovation notes) of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 600 million, with a coupon rate of 4.88% per annum and a term of three years.

[Note 5] On 21 September 2023, the Company issued Zibo Caijin Holding Group Co., Ltd. 3.7% credit-enhanced RMB bonds 20220920 in the amount of RMB 580 million, with a coupon rate of 3.70% per annum and a term of three years.

[Note 6] On 12 December 2023, the Company issued the 2023 public issuance of enterprise bonds of Zibo Caijin Holding Group Co., Ltd. to professional investors in the amount of RMB 1.05 billion, with a coupon rate of 5.12% per annum and a term of seven years.

[Note 7] On 3 January 2024, the Company privately issued the 2023 first tranche sci-tech innovation corporate bonds of Zibo Caijin Holding Group Co., Ltd. to professional investors in the amount of RMB 1.0 billion, with a coupon rate of 4.00% per annum and a term of five years.

[Note 8] On 25 March 2024, the Company privately issued the 2024 first tranche sci-tech innovation corporate bonds of Zibo Caijin Holding Group Co., Ltd. to professional investors in the amount of RMB 500 million, with a coupon rate of 3.88% per annum and a term of five years.

[Note 9] On 24 April 2024, the Company issued the 2024 first tranche private placement debt financing instruments of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 500 million, with a coupon rate of 3.25% per annum and a term of five years; on 12 December 2024, the Company issued the 2024 second tranche private placement debt financing instruments of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 500 million, with a coupon rate of 2.71% per annum and a term of three years.

[Note 10] On 23 August 2024, the Company issued the 2024 first tranche medium-term notes of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 500 million, with a coupon rate of 3.00% per annum and a term of five years; on 15 October 2024, the Company issued the 2024 second tranche medium-term notes of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 1.0 billion, with a coupon rate of 3.26% per annum and a term of three years; on 5 November 2024, the Company issued the 2024 third tranche medium-term notes of Zibo Caijin Holding Group Co., Ltd. in the amount of RMB 500 million, with a coupon rate of 3.24% per annum and a term of three years.

[Note 11] The conversion period of the convertible corporate bonds issued commences on the first trading day after six months from the completion date of the issuance (20 October 2022, T+4), namely 20 April 2023, and ends on the maturity date of the convertible bonds (13 October 2028). If the date falls on a statutory holiday or rest day, it shall be postponed to the next working day without additional interest during the postponement period. Bondholders have the option to convert or not to convert the bonds and become shareholders of the company on the day following conversion.

41. Lease liability

Items	Closing balance	Opening balance
Lease liability	124,917,746.51	9,292,598.87
Total	124,917,746.51	9,292,598.87

42. Long-term payable

Items	Closing balance	Opening balance
Long-term borrowing by non-financial institutions	1,261,575,027.00	1,236,269,941.40
Other long-term payable	810,248,785.21	836,838,172.90
Less: Long-term payable due within one year	306,389,513.46	706,563,348.92
Total	1,765,434,298.75	1,366,544,765.38

43. Accrued liabilities

Items	Closing balance	Opening balance
Pending proceedings	3,796.67	-
Onerous Contracts	-	337,271.94
Total	3,796.67	337,271.94

44. Deferred income

Items	Opening balance	Increase for the current period	Reduction during the period	Closing balance	Causes
Government grants	493,993,242.40	46,679,592.13	64,572,215.05	476,100,619.48	Assets-related
Government grants	583,333.33	-	-	583,333.33	Income-related
Total	494,576,575.73	46,679,592.13	64,572,215.05	476,683,952.81	-

45. Other non-current liabilities

Items	Closing balance	Opening balance
Shandong New Kinetic Energy Investment Management Co., Ltd.	800,000,000.00	800,000,000.00
Shandong Caijin Xinrong Investment Holdings Co., Ltd.	650,000,000.00	650,000,000.00
Shandong Caixin Investment Co., Ltd.	-	300,000,000.00
Shandong New Kinetic Energy Inclusive Financial Services Co., Ltd.	50,000,000.00	50,000,000.00
Undue interest	4,812,500.00	3,987,671.22
Total	1,504,812,500.00	1,803,987,671.22

46. Paid-in capital

Shareholders	Opening balance	Opening Contribution Ratio (%)	Increase in the current period	Decrease in the current period	Closing balance	Closing Contribution Ratio (%)
Zibo Municipal Finance Bureau	1,600,000,000.00	100.00	775,021,472.87	-	2,375,021,472.87	100.00

47. Other equity instruments

Item	Closing balance	Opening balance
Equity component of convertible bonds	23,548,737.74	23,548,737.74

48. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other capital reserve	10,103,506,915.07	-	299,439,660.70	9,804,067,254.37

49. Other comprehensive income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other comprehensive income	5,497,043,562.25	-	796,289,148.12	4,700,754,414.13

50. Special reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safe Production Costs	47,334,072.47	30,202,371.40	21,091,936.38	56,444,507.49

51. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Surplus reserve	7,544,576.74	-	-	7,544,576.74

52. General risk provision

Item	Closing balance	Opening balance
General risk provision	27,002,602.76	21,615,448.37

53. Undistributed profits

Items	Current period amount	Prior period amount
Retained earnings at the end of the previous year	-868,381,771.08	-963,189,820.23
Plus: The adjustment amount of Retained earnings at the beginning of current period	-	-55,387.34
Retained earnings at the beginning of the period after adjustment	-868,381,771.08	-963,245,207.57
Plus: Net profit attributable to shareholders of the parent company during current period	88,353,372.76	101,739,184.52
Less: Appropriation to statutory surplus reserve	5,387,154.39	5,463,734.48
Declaration of dividends on ordinary shares	5,062,228.61	7,221,000.00
Other transfer	40,592,315.89	-5,808,986.45
Retained earnings at the end of period	-831,070,097.21	-868,381,771.08

54. Operating revenue and costs

1. Details

Item	Current period amount		Prior period amount	
	Revenue	Costs	Revenue	Costs
Major business	9,935,553,943.24	8,285,199,740.78	9,943,700,793.87	8,298,554,901.67
Other business	220,471,282.88	48,233,942.25	227,212,278.80	46,273,897.98
Total	10,156,025,226.12	8,333,433,683.03	10,170,913,072.67	8,344,828,799.65

2. Operating Revenue / Operating Costs (by Industry)

Industry Name	Current Period Amount		Prior Year Amount	
	Revenue	Costs	Revenue	Costs
Energy Supply and Sales	4,189,857,852.68	3,763,424,200.46	4,829,146,592.79	4,234,276,353.95
Product Sales	1,583,375,497.82	1,560,450,384.26	1,145,880,027.90	1,140,356,631.54
Water Supply	895,260,199.88	676,759,810.49	924,780,884.37	646,694,153.48
Design and Sales of Intelligent Logistics and Warehousing Systems	806,265,394.95	769,771,938.62	870,719,255.30	791,467,498.57
Heat Supply	756,291,437.73	568,838,343.74	777,910,172.94	583,704,464.03
Construction and Operation of System Integration	821,611,580.26	602,627,169.41	761,332,489.26	584,368,599.55

Industry Name	Current Period Amount		Prior Year Amount	
	Revenue	Costs	Revenue	Costs
Projects				
Security Services	366,807,351.82	326,423,742.01	360,713,398.39	310,146,042.56
Financial Investment	395,904,155.17	9,515,680.03	173,649,266.50	4,070,780.25
Futures	58,310,872.44	2,898,989.74	62,650,272.30	3,101,958.86
Financing Guarantee	45,909,400.55	-	23,307,365.29	-
Other	236,431,482.82	52,723,424.27	240,823,347.63	46,642,316.86
Total	10,156,025,226.12	8,333,433,683.03	10,170,913,072.67	8,344,828,799.65

[Note]: Dongjie Intelligent Technology Group Co., Ltd., a subsidiary of the Company, included after-sales maintenance expenses during the product warranty period in operating costs and adjusted the corresponding prior-year comparative figures by decreasing selling expenses by RMB 27,361,903.66 and increasing operating costs by RMB 27,361,903.66.

55. Change in insurance contract reserves, net

Item	Current period amount	Prior period amount
Net reserve for insurance liability	10,889,247.05	21,536,954.89

56. Taxes and surcharges

Item	Current period amount	Prior period amount
Urban maintenance tax	8,577,215.41	8,837,953.51
Education surcharge	6,122,413.76	6,313,258.46
Property tax	11,740,848.48	5,808,630.12
Land use tax	11,971,901.09	12,106,538.31
Stamp tax	5,458,090.97	7,048,880.84
Tax on use of vehicles	171,955.84	126,004.45
Resource tax	76,321,273.96	80,762,391.01
Environmental Protection Tax	35,597.26	6,363.17
Other taxes and charges	832.75	-

Total	120,400,129.52	121,010,019.87

[Note] The criteria for the calculation of contributions are detailed in note IV to this note.

57. Selling and distribution expenses

Item	Current period amount	Prior period amount
Wage and welfare costs	80,956,418.80	85,917,178.57
Depreciation	33,558,358.94	44,385,337.68
Repairs	9,953,030.58	28,384,242.91
Rental costs	1,191,893.42	1,972,654.20
Travel and transportation	3,200,638.10	4,660,530.08
Advertising costs	3,414,981.32	499,060.86
Office and other	30,104,528.94	10,181,369.69
Total	162,379,850.10	176,000,373.99

58. General and administrative expenses

Item	Current period amount	Prior period amount
Remuneration of employees	542,257,158.08	537,716,351.15
Amortization of assets	22,515,221.95	22,642,893.08
Depreciation	102,590,541.34	73,511,285.18
Advisory services and brokering fees	47,201,260.99	67,047,674.17
Rental costs	17,213,878.05	21,354,264.98
Travel and transportation	9,600,198.25	11,774,612.58
Fund management fees	7,429,261.02	11,807,851.99
Service charges	4,056,680.26	5,268,536.05
Office and other	125,711,091.72	105,742,362.69
Total	878,575,291.66	856,865,831.87

59. Research and development expenditure

Item	Current period amount	Prior period amount

Item	Current period amount	Prior period amount
Direct material input	55,908,232.88	60,566,456.81
Remuneration of employees	49,580,556.36	45,309,153.73
Other R & D services	28,496,985.58	39,491,935.42
Total	133,985,774.82	145,367,545.96

60. Finance expenses

Item	Current period amount	Prior period amount
Interest expenditure	991,188,321.20	735,173,222.64
Less: interest income	161,799,499.28	142,009,134.21
Gains and losses on exchange	-7,557,185.45	23,215,032.66
Expenditure on fees	8,134,418.13	8,075,905.65
Total	829,966,054.60	624,455,026.74

61. Other income

Item	Current period amount	Prior period amount
Government grants related to assets	2,710,240.86	6,118,948.63
Government grants related to earnings	2,429,835.78	12,202,753.11
Tax Reduction and Exemption for Veterans	106,330.00	196,635.01
Employment Stabilization Allowance	1,606,764.16	1,058,403.12
Individual Income Tax Handling Fee Refund	421,841.75	1,221,681.88
VAT Additional Deduction	674,188.44	15,213,004.74
Gain on Debt Restructuring	1,359,830.74	-
Incentive Fund for Hangzhou-Shaoxing Airport Economic Integrated Development Demonstration Zone, Zhejiang Province	6,039,300.00	-
Shandong Provincial Incentive Fund for New Data Centers	10,338,420.00	-
Incentive Fund for Core Technology R&D of Leading Science and Technology Enterprises in Taiyuan "Double Hundred Tackling Action"	1,080,000.00	-
Shanxi Provincial Special Incentive Fund for Technological Transformation	2,900,000.00	-
Taiyuan Technological Transformation Incentive Fund	1,582,600.00	-

Item	Current period amount	Prior period amount
Incentive Fund for the Cultivation of Science and Technology-based Enterprises	500,000.00	-
Incentive Fund for the Development of High-tech Enterprises	110,000.00	-
Total	31,859,351.73	36,011,426.49

62. Investment income

Item	Current period amount	Prior period amount
Long-term equity return on equity law accounting	131,823,705.01	159,666,496.03
Investment returns from the disposal of long-term equity investments	-	758,147,551.04
Return on investment during the period of holding of financial assets measured at fair value and accounted for by changes	1,775,034.43	-1,776,839.10
Investment proceeds from the disposal of transactional financial assets	1,946,387.89	400,083.82
Equity income during holding of financial assets	58,672,595.28	45,923,196.58
Interest income earned on investments held in claims	178,362.66	33,984,277.79
Gains from debt restructuring	-989,384.50	-
Receivables financing discount losses	-657,180.18	-
Other investment income	1,967,300.70	5,178,936.64
Total	194,716,821.29	1,001,523,702.80

63. Gains on changes in fair values

Item	Current period amount	Prior period amount
Financial assets measured at fair value and subject to changes in current gains and losses	131,810,735.54	-90,353,974.67
of which: fair change in value gains from derivative financial instruments	16,109,950.94	-
Financial liabilities measured at fair value and accounted for by changes in current gains and losses	49,459.23	-190,136.99
Other	92,466.54	-
Total	131,952,661.31	-90,544,111.66

64. Credit impairment losses

Item	Current period amount	Prior period amount

Item	Current period amount	Prior period amount
Loss of bad debts receivable	570,343.54	1,224,656.46
Loss of accounts receivable	-112,407,875.71	-94,362,289.43
Loss of bad debts on other receivables	-96,318,084.51	-458,398,102.58
Loss of long-term receivables	4,645,773.99	-9,471,489.38
Preparedness for impairment of risk receivables	59,818.83	-320,273.98
Total	-203,450,023.86	-561,327,498.91

65. Asset impairment losses

Item	Current period amount	Prior period amount
Preparedness for impairment of long-term equity investments	25,000.00	-110,000,000.00
Loss of stock price reduction and impairment of contract performance costs	330,050,850.22	-43,683,957.09
Loss of impairment of contractual assets	2,221,256.04	-40,952,013.53
Loss of goodwill	-60,670,696.09	-66,869,733.94
Loss of impairment of advance payment	-3,215,379.28	-968,136.74
Loss on impairment of other non-current assets	-859,533.95	-
Losses on impairment of other non-current assets due within one year	-1,736,600.00	-
Total	265,814,896.94	-262,473,841.30

66. Gains /losses on assets disposal

Item	Current period amount	Prior period amount
Proceeds recognized when disposal is not classified as holding non-current assets to be sold	10,727,103.36	67,718,485.97
Of which: fixed assets	11,268,869.86	67,718,485.97
Intangible assets	-541,766.50	
Total	10,727,103.36	67,374,870.80

67. Non-operating income

Item	Current period amount	Prior period amount

Item	Current period amount	Prior period amount
Gain from damage and write-off of non-current assets	2,266,025.82	5,581,785.61
Government grants unrelated to the enterprise's ordinary activities	2,094,069.78	1,572,766.84
Write-off of payables no longer required and others	10,521,909.30	1,293,869.05
Income from liquidated damages	1,327,752.34	1,764,104.12
Gain from asset surpluses	272,674.55	1,677,006.65
Other	5,008,144.49	110,850,893.61
Total	21,490,576.28	122,740,425.88

68. Non-operating expenses

Item	Current period amount	Prior period amount
Losses on end of non-current assets	4,804,255.24	14,434,234.88
External donations	1,916,846.44	1,840,108.75
Breach and fines	13,627,289.65	9,990,580.60
Compensation	6,055,775.61	1,771,136.28
Loss of assets	51,793.09	412,345.18
Other	3,248,914.58	934,887.17
Total	29,704,874.61	29,383,292.86

69. Income tax expenses

Item	Current period amount	Prior period amount
Income tax costs for the current period	106,564,943.73	159,746,107.79
Deferred income tax charges	-38,242,954.35	-98,761,351.89
Total	68,321,989.38	60,984,755.90

70. Other consolidated proceeds

Details are provided in note V.(49) to this note.

71. Supplementary information to the cash flow statement

1. Supplementary information to the statement of cash flows

Items	Current period amount	Prior period amount
(1) Adjust net profit to cash flows from operating activities:		
Net profit	41,479,718.40	103,785,445.04
Plus: Provision for assets impairment	203,450,023.86	561,327,498.91
Credit impairment losses	-265,814,896.94	262,473,841.30
Reserve for guaranteed compensation	10,889,247.05	21,536,954.89
Depreciation of fixed assets, loss of oil and gas assets, and depreciation of productive biological assets	507,228,948.63	475,153,159.18
Depreciation of use-right assets	14,129,787.23	10,482,214.95
Amortization of intangible assets	79,620,209.76	70,205,089.17
Amortization of long-term deferred expenses	15,371,119.08	12,029,383.40
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" means gains)	-10,727,103.36	-67,374,870.80
Losses on scrapping of fixed assets ("-" means gains)	2,538,229.42	8,852,449.27
Loss from fair value change ("-" means gains)	-131,952,661.31	90,544,111.66
Financial expenses ("-" means gains)	991,188,321.20	735,173,222.64
Investment losses ("-" means gains)	-194,716,821.29	-1,001,523,702.80
Decrease in deferred income tax assets ("-" means increase)	-65,791,456.10	-51,468,478.93
Increase in Deferred income tax liabilities ("-" means decrease)	28,258,417.95	-28,463,255.44
Decrease in inventory ("-" means increase)	-590,047,219.38	-1,862,245,538.83
Decrease in receivables under operating activities ("-" means increase)	-3,129,142,752.19	-4,622,571,157.43
Increase in receivables under operating activities ("-" means decrease)	2,558,624,546.52	5,304,643,129.28
Others		-

Net cash flows from operating activities	64,585,658.53	22,559,495.46
2. Significant activities not involving cash receipts and disbursements:		
Sales of goods, transfers of bank acceptances received for the provision of services	-	-
Debt to capital	-	-
Convertible corporate bonds due within one year	-	-
New right-of-use assets for the period	-	-
3) Net changes in cash and cash equivalents:		
Cash at the end of period	6,957,093,614.46	7,823,536,161.39
Less: Cash at the beginning of period	7,823,536,161.39	5,444,235,814.08
Plus: Cash equivalents at the end of period	-	-
Less: Cash equivalents at the beginning of period	-	-
Net increase in cash and cash equivalents	-866,442,546.93	2,379,300,347.31

2. Composition of cash and cash equivalents

Items	Ending amount of current period	Beginning amount of current period
(1) Cash	6,957,093,614.46	7,823,536,161.39
Including: Cash on hand	671,848.54	144,987.71
Bank deposits that can be used for payment at any time	5,605,010,761.16	6,151,520,827.50
Other monetary funds that can be used for payment at any time	1,351,411,004.76	1,671,870,346.18
(2) Cash equivalents	-	-
Including: bond investments due within three months	-	-
(3) Balance of cash and cash equivalents at the end of period	6,957,093,614.46	7,823,536,161.39

72. Assets whose ownership or use rights are restricted

Item	Closing balance book value	Reasons for restriction
Monetary funds	406,565,500.37	Bonds, freezing of bank deposits, deposit of investments, interest receivable not due Shizuku!

Item	Closing balance book value	Reasons for restriction
Inventory	1,168,666,089.55	Loan mortgage
Fixed assets	49,632,815.29	Loan mortgage
Intangible assets	6,984,787.12	Loan mortgage
Long-term equity investments	574,254,000.00	Loan mortgage
Total	2,206,103,192.33	

73. Foreign currency currency project

1. Details

Items	Ending foreign currency balance	Exchange rate	Closing balance converted into RMB
Current Portion of Non-current Liabilities			
Including: EUR	1,828,571.42	7.5257	13,761,279.94
Long-term Borrowings			
Including: EUR	20,114,285.74	7.5257	151,374,080.19
Monetary Funds			
Including: USD	1,602,019.96	7.1884	11,515,960.28
EUR	5,337.96	7.5257	40,171.89
Malaysian Ringgit	3,750,523.64	1.6199	6,075,473.24
Accounts Receivable			
Including: USD	4,993,321.00	7.1884	35,893,988.68
EUR	973,800.80	7.5257	7,328,532.68
Malaysian Ringgit	30,701,691.65	1.6199	49,733,670.30
Accounts Payable			
Including: USD	23,129.92	7.1884	166,267.12
Malaysian Ringgit	26,354,212.46	1.6199	42,691,188.76

VI. Changes in the scope of consolidation

Unless otherwise stated, the amounts in this section are denominated in RMB ten thousand.

Changes in the Consolidation Scope due to Other Reasons

1. Shandong Xinneng Energy Equipment Manufacturing Co., Ltd. ('Xinneng Equipment'), a subsidiary of the Company, was involved in a construction contract dispute with Chinalco International South Engineering Co., Ltd. Upon the application of Chinalco International South Engineering Co., Ltd., the Intermediate People's Court of Zibo City, Shandong Province issued the (2022) Lu Zhi No. 677 decision to transfer the case for bankruptcy review on the grounds that Xinneng Equipment was unable to repay due debts and its assets were insufficient to repay all debts, deciding to transfer Xinneng Equipment for bankruptcy review. On 30 January 2023, the Intermediate People's Court of Zibo City, Shandong Province (the 'Court') held a bankruptcy review hearing for Xinneng Equipment, at which relevant parties acknowledged that Xinneng Equipment met the bankruptcy conditions and agreed to proceed with bankruptcy procedures in accordance with the law. On 20 March 2023, the Court issued the civil ruling and decision numbered (2023) Lu 03 Po Shen No. 1, ruling to accept the bankruptcy liquidation case of Xinneng Equipment. Therefore, Xinneng Equipment was not included in the consolidation scope for 2024.

2. For Zibo Boshan District Jinyuan Water Supply Co., Ltd. ('Jinyuan Water Supply'), a subsidiary of the Company, according to the minutes of the 11th mayor's office meeting of Zibo Municipal People's Government dated 3 July 2024, the Municipal Water Group transferred and handed over the operation and management rights of Jinyuan Water Supply to the Boshan District Government in advance in accordance with prescribed procedures. Led by the Municipal State-owned Assets Supervision and Administration Commission, the Boshan District Government and the Municipal Water Group were guided to steadily complete the handover work such as transfer fund allocation and property rights change procedures. Therefore, Jinyuan Water Supply and its subsidiaries Shandong Shanrun Engineering Construction Co., Ltd. and Boshan District Water Supply Company Labor Service Company were no longer included in the consolidation scope in 2024.

3. In September 2024, the subsidiary Zibo Energy Group Co., Ltd. invested in and established Zibo Juneng Energy Co., Ltd. The company completed industrial and commercial registration on 12 September 2024, with registered capital of RMB 12.871239 million. The Company holds 100% of its registered capital and has substantive control over it; therefore, it has been included in the scope of consolidated financial statements from the date of establishment.

4. Qice No. 1, a structured entity held by Shandong Qisheng Futures Co., Ltd., a subsidiary of the Company, was liquidated in March 2024.

VII. Interests in other subjects

1. Interests in subsidiaries

(1) Composition of enterprise groups

Serial	Business name	Level	Place of registration	Main place of business	Nature of operations	Shareholding Ratio (%)	Acquisition
1	Qixin Commercial Factoring (Zibo) Co., Ltd.	1	ZiBo	ShanDong	Commercial Factoring	100.00	Establishment
2	Shandong Qisheng Futures Co., Ltd.	1	ZiBo	ShanDong	Commodity Futures	100.00	Business Combination not under Common Control
3	Zibo Qihui Investment Management Partnership (Limited Partnership)	1	ZiBo	ShanDong	Investment Activities	100.00	Establishment
4	Zibo Qixin Venture Capital Fund Partnership (Limited Partnership)	1	ZiBo	ShanDong	Investment Management	100.00	Establishment
5	Zibo Thirty-nine Industries Qisheng Equity Investment Fund Partnership (Limited Partnership)	1	ZiBo	ShanDong	Investment Management	99.98	Establishment
6	Zibo Caijin Hengsong Industrial Investment Fund Partnership (Limited Partnership)	1	ZiBo	ShanDong	Commercial Services	99.97	Establishment
7	Qixin Materials (Zibo) Co., Ltd.	1	ZiBo	ShanDong	Sales of Chemical Products	100.00	Establishment
8	Zibo Qixin Emergency Refinancing Fund Co., Ltd.	1	ZiBo	ShanDong	Management and Operation of Corporate Emergency Loan Transfer Fund	100.00	Equity Transfer
9	Zibo Caijin New Kinetic Energy Equity Investment Partnership (Limited Partnership)	1	ZiBo	ShanDong	Commercial Services	94.27	Establishment
10	Qixin Financial Leasing (Zibo) Co., Ltd.	1	ZiBo	ShanDong	Financial Leasing	100.00	Establishment
11	Qilu Asset Management (Zibo) Co., Ltd.	1	ZiBo	ShanDong	Asset Management Services	100.00	Establishment
12	Zibo Xinrun Financing Guarantee Co., Ltd.	1	ZiBo	ShanDong	Loan Guarantee	89.77	Business Combination under Common Control

13	Qixin Private Fund Management (Zibo) Co., Ltd.	1	ZiBo	ShanDong	Fund Management	100.00	Business Combination not under Common Control
14	Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership)	1	ZiBo	ShanDong	Commercial Services	90.00	Establishment
15	Zibo Qixin Infrastructure Industry Investment Co., Ltd.	1	ZiBo	ShanDong	Investment Activities	100.00	Establishment
16	Zibo Qixin Real Estate Co., Ltd.	2	ZiBo	ShanDong	Real Estate Industry	100.00	Establishment
17	Zibo Qihe Real Estate Co., Ltd.	2	ZiBo	ShanDong	Real Estate Industry	100.00	Establishment
18	Zibo Qitai Real Estate Co., Ltd.	2	ZiBo	ShanDong	Real Estate Industry	100.00	Establishment
19	Zibo Qicheng Real Estate Co., Ltd.	2	ZiBo	ShanDong	Real Estate Industry	50.00	Establishment
20	Zibo Qilu Venture Capital Co., Ltd.	1	ZiBo	ShanDong	Investment Activities	100.00	Equity Transfer
21	Zibo Guoji New Materials Industry Venture Capital Co., Ltd.	2	ZiBo	ShanDong	Investment Activities	66.67	Equity Transfer
22	Zibo Caijin Lingrui Investment Management Co., Ltd.	2	ZiBo	ShanDong	Investment Activities	51.00	Equity Transfer
23	Zibo Jingsheng Supply Chain Co., Ltd.	2	ZiBo	ShanDong	R&D of Wood-Plastic Composite Products	100.00	Equity Transfer
24	Zibo Security Service Co., Ltd.	1	ZiBo	ShanDong	Security Services	100.00	Business Combination under Common Control
25	Zibo Lijingyuan Catering Management Co., Ltd.	2	ZiBo	ShanDong	Accommodation Industry	100.00	Equity Transfer
26	Zibo Lijingyuan Property Management Co., Ltd.	3	ZiBo	ShanDong	Property Management	100.00	Equity Transfer
27	Zibo Fucheng Property Management Co., Ltd.	2	ZiBo	ShanDong	Property Management	100.00	Business Combination under Common Control
28	Zibo Qi Cheng Industry and Trade Co., Ltd.	3	ZiBo	ShanDong	Labor Services	51.00	Business Combination not under Common Control
29	Zibo Qi Cheng Bao An Service Co., Ltd.	4	ZiBo	ShanDong	Security Services	100.00	Business Combination under Common Control
30	Zibo Qicheng Property Management Co., Ltd.	4	ZiBo	ShanDong	Property Management	100.00	Business Combination under Common Control
31	Zibo Jinzhai Property Management Co., Ltd.	3	ZiBo	ShanDong	Property Management	100.00	Establishment

32	Zibo Dingshun Property Management Co., Ltd.	2	ZiBo	ShanDong	Property Management	100.00	Equity Transfer
33	Zibo Gao Xin Qu Jin Dun Bao An Service Co., Ltd.	2	ZiBo	ShanDong	Security Services	100.00	Equity Transfer
34	Zibo New Torch Property Service Co., Ltd.	3	ZiBo	ShanDong	Property Management	100.00	Equity Transfer
35	Zibo Qiyong Property Management Service Co., Ltd.	2	ZiBo	ShanDong	Property Management	100.00	Business Combination under Common Control
36	Zibo Shi Heating Group Co., Ltd.	1	ZiBo	ShanDong	Urban Heat Supply	100.00	Business Combination under Common Control
37	Zibo Carbon Ecology Development Group Co., Ltd.	2	ZiBo	ShanDong	Carbon Emission Reduction and Carbon-related Business	100.00	Establishment
38	Zibo Qixin Green New Energy Technology Co., Ltd.	3	ZiBo	ShanDong	R&D of Emerging Energy Technologies	100.00	Establishment
39	Zibo Shi Environmental Protection Gong Re Co., Ltd.	2	ZiBo	ShanDong	Urban Heat Supply	100.00	Business Combination under Common Control
40	Zibo Heat Pipeline Network Co., Ltd.	2	ZiBo	ShanDong	Heat Production, Supply and Related Services	100.00	Establishment
41	Zibo Heating Co., Ltd.	2	ZiBo	ShanDong	Urban Heat Supply	100.00	Business Combination under Common Control
42	Zibo Jing Kai Qu Te Cheng Heating Co., Ltd.	3	ZiBo	ShanDong	Cooling Supply Services	65.00	Business Combination under Common Control
43	Zibo Shi Qing Jie Energy Fa Zhan Co., Ltd.	2	ZiBo	ShanDong	Urban Heat Supply	100.00	Business Combination under Common Control
44	Shandong Jiajian New Energy Co., Ltd.	3	ZiBo	ShanDong	Construction and Operation of New Energy Projects	100.00	Business Combination under Common Control
45	Zibo Rui De Heating Design Co., Ltd.	3	ZiBo	ShanDong	Urban Heat Supply	100.00	Business Combination under Common Control
46	Shandong Rui Si New Energy Technology Co., Ltd.	3	ZiBo	ShanDong	Heat Production, Supply and Related Services	65.00	Establishment

47	Zibo Shi Water Affairs Group Co., Ltd.	1	ZiBo	ShanDong	Urban Water Supply	100.00	Business Combination under Common Control
48	Zibo Zheng Da Water Affairs Construction Co., Ltd.	2	ZiBo	ShanDong	Urban Water Supply	100.00	Business Combination under Common Control
49	Zibo Fu Li Shang Cheng Property Fa Zhan Co., Ltd.	3	ZiBo	ShanDong	Property Management	100.00	Business Combination under Common Control
50	Zibo Guorun Radon Spring Resort Co., Ltd.	3	ZiBo	ShanDong	Housing Leasing and Property Management	100.00	Business Combination under Common Control
51	Zibo Ankang Real Estate Development Co., Ltd.	3	ZiBo	ShanDong	Real Estate Development and Sales	100.00	Business Combination under Common Control
52	Zibo Ye Mai Construction Co., Ltd.	3	ZiBo	ShanDong	Water Supply and Drainage Engineering	100.00	Business Combination under Common Control
53	Shandong Zirun High-quality Water Purification Technology Co., Ltd.	2	ZiBo	ShanDong	Technical Services	100.00	Establishment
54	Zibo Shi Yin Huang Water Supply Co., Ltd.	2	ZiBo	ShanDong	Urban Water Supply	95.01	Business Combination under Common Control
55	Zibo Shi Nan Shui Bei Diao Engineering Construction Management Co., Ltd.	3	ZiBo	ShanDong	Urban Water Supply	100.00	Business Combination under Common Control
56	Shandong Zhongrui Water Supply Equipment Co., Ltd.	2	ZiBo	ShanDong	Production and Sales of Water Supply Equipment	100.00	Business Combination under Common Control
57	Zibo Zishui Instrument Manufacturing Co., Ltd.	3	ZiBo	ShanDong	Sales of Water Meters	76.00	Business Combination under Common Control
58	Shandong Qirun Environmental Technology Co., Ltd.	2	ZiBo	ShanDong	Tap Water Production and Supply	100.00	Establishment
59	Zibo Maiwang Water Affairs Co., Ltd.	3	ZiBo	ShanDong	Sewage Treatment and Supporting Services	51.00	Equity Transfer
60	Zibo Boyue Water Affairs Co., Ltd.	3	ZiBo	ShanDong	Industrial Water Treatment and Water Supply Services	67.00	Equity Transfer

61	Zibo Run Bo Water Affairs Co., Ltd.	2	ZiBo	ShanDong	Hydropower Generation and Aquaculture	100.00	Business Combination under Common Control
62	Zibo Fu Tai Water Conservancy Construction and Installation Co., Ltd.	3	ZiBo	ShanDong	Construction Engineering Works	100.00	Business Combination under Common Control
63	Zibo Run De Shi Ye Co., Ltd.	2	ZiBo	ShanDong	Centralized Water Supply	100.00	Business Combination under Common Control
64	Zibo Anrui Water Quality Testing Co., Ltd.	3	ZiBo	ShanDong	Water Quality Monitoring	100.00	Business Combination under Common Control
65	Zibo Runcheng Engineering Design Co., Ltd.	3	ZiBo	ShanDong	Construction Projects	85.00	Business Combination under Common Control
66	Zibo Ningbi Drinking Water Co., Ltd.	3	ZiBo	ShanDong	Production and Sales of Beverages	85.24	Business Combination under Common Control
67	Zibo Fengji New Energy Development Co., Ltd.	3	ZiBo	ShanDong	Development of Water Source Heat Pump Technology	100.00	Business Combination under Common Control
68	Zibo Runbang Real Estate Co., Ltd.	3	ZiBo	ShanDong	Real Estate Development and Sales	100.00	Business Combination under Common Control
69	Zibo Shi Zi Lai Shui Co., Ltd.	2	ZiBo	ShanDong	Urban Water Supply	100.00	Business Combination under Common Control
70	Zibo Shi Energy Group Co., Ltd.	1	ZiBo	ShanDong	Natural Gas Supply	100.00	Business Combination under Common Control
71	Zibo Shi Mei Qi Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	100.00	Business Combination under Common Control
72	Zibo Gang Hua Gas Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	50.00	Business Combination under Common Control
73	Shandong Xinneng Internet of Things Technology Co., Ltd.	2	ZiBo	ShanDong	Internet of Things Services	60.00	Business Combination under Common Control

74	Huan Tai Xin Neng Gas Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	51.00	Business Combination under Common Control
75	Zibo Guoxin Comprehensive Energy Co., Ltd.	2	ZiBo	ShanDong	Power Supply	51.00	Establishment
76	Zibo Guo Neng Gas Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	70.00	Business Combination under Common Control
77	Zibo Lv Bo Gas Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	35.00	Business Combination under Common Control
78	Zibo Lv Bo Yi Feng Gas Co., Ltd.	3	ZiBo	ShanDong	Natural Gas Supply	60.00	Business Combination under Common Control
79	Shandong Zhong Xin Cheng Tong Natural Gas Li Yong Co., Ltd.	3	ZiBo	ShanDong	Natural Gas Supply	51.00	Business Combination under Common Control
80	Zibo Xin Neng Energy Group Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	100.00	Business Combination under Common Control
81	Zibo Fu Run Real Estate Co., Ltd.	3	ZiBo	ShanDong	Real Estate Development and Sales	80.00	Business Combination under Common Control
82	Zibo Xinneng Supply Chain Co., Ltd.	3	ZiBo	ShanDong	Supply of Building Materials	100.00	Business Combination under Common Control
83	Zibo Xinneng Industry and Trade Co., Ltd.	3	ZiBo	ShanDong	Sales of Metal Ores	51.00	Business Combination under Common Control
84	Zibo Juwei Economic and Trade Co., Ltd.	3	ZiBo	ShanDong	Gas Sales	100.00	Business Combination under Common Control
85	Zibo Energy Group Natural Gas Pipeline Network Co., Ltd.	2	ZiBo	ShanDong	Gas Production and Supply Industry	100.00	Business Combination under Common Control
86	Zibo Huimin Gas Co., Ltd.	2	ZiBo	ShanDong	Liquefied Petroleum Gas Supply	80.00	Business Combination under Common Control
87	Zibo Cheng Yi Gas Co., Ltd.	2	ZiBo	ShanDong	Natural Gas Supply	45.00	Business Combination under Common Control

88	Shandong Aite Yunxiang Information Technology Co., Ltd.	1	ZiBo	ZiBo	Basic Telecommunicat ion Services	34.47	Business Combination not under Common Control
89	Shandong Zhong Bo Xin Yun Wang Luo Technology Co., Ltd.	2	QingD ao	QingDao	Software and Information Technology Services	51.00	Establishment
90	Zhi Suan Wei Lai (Shao Xing)Digital Technology Co., Ltd.	2	ShaoX ing	ShaoXing	Basic Telecommunicat ion Services	70.00	Establishment
91	Ai Te Yun Xiang (Beijing)Digital Xin Xi Technology Co., Ltd.	2	BeiJin g	BeiJing	Software and Information Technology Services	100.00	Establishment
92	Shandong Ai Te Xiang Yun Shang Mao Co., Ltd.	2	ZiBo	ZiBo	Real Estate Industry	100.00	Establishment
93	Ningxia Ai Te Yun Xiang Information Technology Co., Ltd.	2	NingX iaHuiZ uZiZhi Qu	NingXiaH uiZuZiZhi Qu	Internet and Related Services	70.00	Establishment
94	Zhejiang Ai Te Yun Xiang Computer Ji Shu Co., Ltd.	2	ShaoX ing	ShaoXing	Research and Experimental Development	100.00	Establishment
95	Shanghai Ai Te Yun Xiang Information Technology Co., Ltd.	2	Shang Hai	ShangHai	Software and Information Technology Services	100.00	Establishment
96	Shandong Ai Te Yun Xiang Computer Co., Ltd.	2	ZiBo	ZiBo	Software and Information Technology Services	100.00	Establishment
97	Lanling Cheng Fa Yun Xiang Information Technology Co., Ltd.	2	LinYi	LinYi	Software and Information Technology Services	51.00	Establishment
98	Zhangjiakou Shi Shu Ba Yun Xiang Information Technology Co., Ltd.	2	BeiJin g	BeiJing	Software and Information Technology Services	51.00	Establishment
99	Shanghai Ai Te Yun Xiang Computer Ji Shu Co., Ltd.	2	Shang Hai	ShangHai	Research and Experimental Development	100.00	Establishment
100	Shandong Yun Xiang Shu Neng Xin Xi Technology Fa Zhan Co., Ltd.	3	Jinan	Jinan	Internet and Related Services	85.00	Establishment
101	Zibo Zhan Heng Hong Song Equity Investment Fund Partnership (Limited Partnership)	1	ZiBo	ShanDong	Investment Management	99.00	Establishment
102	Zibo Jiang Tu Heng Song Holding Co., Ltd.	2	ZiBo	ShanDong	Investment Management	100.00	Establishment
103	Dong Jie Intelligent Technology Group Co., Ltd.	3	Taiyua n	Shanxi Province	Manufacturing Industry	29.37	Business Combination not under Common Control
104	Dong Jie Intelligent (Shandong) Co., Ltd.	4	ShanD ong	ShanDong	Manufacturing Industry	100.00	Establishment

105	Taiyuan Dong Jie Equipment Co., Ltd.	4	Taiyuan	Shanxi Province	Manufacturing Industry	100.00	Business Combination under Common Control
106	Dong Jie Intelligent Technology (Shanghai) Co., Ltd.	4	Shanghai	Shanghai	Manufacturing Industry	100.00	Establishment
107	Dong Jie Intelligent (Shenzhen) Co., Ltd.	4	Shenzhen	Shenzhen	Manufacturing Industry	100.00	Establishment
108	Shenzhen Dong Jie Intelligent Yan Jiu Center Co., Ltd.	5	Shenzhen	Shenzhen	Manufacturing Industry	100.00	Establishment
109	Shanghai Dong Zi Jie Intelligent Equipment Co., Ltd.	4	Shanghai	Shanghai	Manufacturing Industry	70.00	Establishment
110	Taiyuan Dong Jie Software Development Co., Ltd.	4	Taiyuan	Shanxi Province	Information Technology	100.00	Establishment
111	Dong Jie Intelligent (Malaysia) Logistics Equipment Co., Ltd.	4	Malaysia	Malaysia	Manufacturing Industry	100.00	Establishment
112	Dong Jie Hai Deng (Changzhou) Technology Co., Ltd.	4	Changzhou	Jiangsu Province	Manufacturing Industry	100.00	Business Combination not under Common Control
113	Changzhou Hai Deng Du Rui De Gong Ye Equipment Co., Ltd.	5	Changzhou	Jiangsu Province	Manufacturing Industry	100.00	Establishment
114	Dong Jie Intelligent Technology (Jiangsu) Co., Ltd.	5	Changzhou	Jiangsu Province	Manufacturing Industry	100.00	Establishment
115	Beijing Hai Deng Sai Si Gong Ye Intelligent Ji Shu Co., Ltd.	5	Beijing	Beijing	Manufacturing Industry	100.00	Business Combination not under Common Control
116	Zhejiang Zhong Bo Zhi Suan Technology Co., Ltd.	3	Shaoxing	Shaoxing	Software and Information Technology Services	51.00	Establishment

(2) Reasons for having less than half of the voting power of the investment unit but having control over the investment unit

Serial	Business name	Shareholding ratio (%)	Right to vote Ratio (%)	Registered capital (thousands of dollars)	Level	Reasons for inclusion
1	Zibo Towngas Co., Ltd.	50.00	50.00	10,000.00	2	The Company's subsidiary, Zibo Energy Group Co., Ltd., holds decision-making power over and controls its business operations.
2	Zibo Chengyi Gas Co., Ltd.	45.00	45.00	6,000.00	2	The Company's subsidiary, Zibo Energy Group Co., Ltd., is the largest shareholder and holds decision-making power over and controls its business operations.

3	Zibo Lübo Gas Co., Ltd.	35.00	35.00	10,000.00	2	The Company's subsidiary, Zibo Energy Group Co., Ltd., is the largest shareholder and holds decision-making power over and controls its business operations.
4	Shandong Aite Yunxiang Information Technology Co., Ltd.	34.47	65.53	51,543.22	1	It holds decision-making power over and controls business operations subject to the restrictions under the concerted action agreement.
5	Dongjie Intelligent Technology Group Co., Ltd.	29.38	70.62	40,765.42	3	The Company's subsidiary, Zibo Jiangtu Hengsong Holding Co., Ltd., is the largest shareholder and holds decision-making power over and controls its business operations.

(3) Reasons for the failure of the parent company to exercise control over the voting rights of more than half of the investment unit, either directly or through other subsidiaries

Serial number	Business name	Contribution rateRatio (%)	Registered capital (thousands of dollars)	Level	Not incorporated Scope causes
1	Zibo Chengxin Gas Co., Ltd.	98.93	18,600.00	3	Not funded, beyond control
2	Zibo Xingang New Energy Co., Ltd.	80.00	5,000.00	3	Closed for insolvency proceedings

VIII. Related parties and related transactions

1. Related party relations

(1) The parent company of the company

parent company	Nature of operations	Place of registration	Registered capital (thousands of dollars)	Share of parent company in the enterpriseRatio (%)	Percentage of voting rights of parent companies to their enterpriseRatio (%)
Zibo Municipal Finance Bureau	State	Zibo City	-	100.00	100.00

(2) The subsidiary of the company

Details of the subsidiary of the company are provided in note VII (1) hereto.

(3) Joint and associated ventures of the company

The significant joint and associated ventures of the company are detailed in note V (14) to this note, "Long-term equity investments".

(4) Situation of other related parties

Name of other related party	Relationship of other related parties to the company

Name of other related party	Relationship of other related parties to the company
Zibo Chengzhi Gas Co., Ltd.	The company has a major impact on it.
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	The company has a major impact on it.
Zibo Urban Asset Operation Group Co., Ltd.	The same ultimate controller
Zibo Qixin Industrial Investment Co., Ltd.	The company has a major impact on it.
Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	The company has a major impact on it.
Zibo China Resources Gas Co., Ltd.	The company has a major impact on it.
Zibo City Gas Co., Ltd.	The company has a major impact on it.
Zibo City Gas (Boshan) Co., Ltd.	The company has a major impact on it.
Zibo Banyang City Gas Co., Ltd.	The company has a major impact on it.
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	The company has a major impact on it.
Shandong Chengyi Natural Gas Utilization Co., Ltd.	The company has a major impact on it.
Qishang Bank Co., Ltd.	The company has a major impact on it.
Liang Yansheng	Shareholders and Directors of the Company's Subsidiaries
Shenzhen Xinruanshi Information Technology Co., Ltd.	The Company's subsidiary currently holds more than 5% of its shares
GE&PM GmbH	Enterprise controlled by Liang Yansheng, a shareholder and director of the Company's subsidiary
Hayden AG	Enterprise controlled by Liang Yansheng, a shareholder and director of the Company's subsidiary
Huantai China Resources Gas Co., Ltd.	The company has a major impact on it.
Zibo Qixin Asset Management Co., Ltd.	The same ultimate controller
Zibo Qixin Industrial Investment Co., Ltd.	The same ultimate controller
Zibo Xingang Gas Co., Ltd.	The company has a major impact on it.
Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	The company has a major impact on it.
Qingdao Xinneng Equipment Integration Co., Ltd.	The company has a major impact on it.
Zibo Xingang New Energy Co., Ltd.	The company has a major impact on it.
Zibo Xingang Fine Chemical Co., Ltd.	The company has a major impact on it.
Zhongning State-owned Capital Operation Co., Ltd.	Shareholders of the company's subsidiary
Lanling Urban Construction and Development Co., Ltd.	Shareholders of the company's subsidiary
Zhejiang Xinghehui International Trade Co., Ltd.	Subsidiary of a shareholder of the Company's subsidiary

2. Related transactions

(1) Related transactions in the sale of goods and services

Name of related party	Related transaction content	Current amount	Prior period amount
Zibo Chengzhi Gas Co., Ltd.	Sales of Natural Gas	-	2,398,154.71
Zibo City Gas (Boshan) Co., Ltd.	Sales of Natural Gas	-	203,476.42
Zibo City Gas Co., Ltd.	Sales of Natural Gas	-	8,605,871.56
Zibo Municipal Finance Bureau	Management fee income from government guidance funds	-	38,054,245.28
Qishang Bank Co., Ltd.	Escort service fee income	3,823,809.52	4,517,511.22
Qishang Bank Co., Ltd.	Heat supply	1,064,667.89	-
Huantai China Resources Gas Co., Ltd.	Sales of Natural Gas	-	1,337,614.68
Zibo China Resources Gas Co., Ltd.	Sales of Gas	83,075,898.17	1,436,697.24
Shandong Chengyi Natural Gas Utilization Co., Ltd.	Borrowing Interest	940,253.28	4,725,303.70
Zibo Banyang City Gas Co., Ltd.	Pipeline transmission fees	293,737.98	-
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	Cloud Platform Sales / Equipment Sales and Installation	-	2,000,000.00
Lanling Urban Construction and Development Co., Ltd.	sale of goods	23,583,104.03	-

(2) Procurement of goods, related transactions for services

Name of related party	Related transaction content	Current amount	Prior period amount
Zibo China Resources Gas Co., Ltd.	Procurement of commodities	1,848,609.53	310,952.69
Zibo City Gas (Boshan) Co., Ltd.	Procurement of commodities	19,777,484.66	60,320,757.41
Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	Procurement of commodities	6,659,062.10	6,724,930.49
Shandong Chengyi Natural Gas Utilization Co., Ltd.	Procurement of commodities	37,587,797.53	25,407,308.65
Zibo Banyang City Gas Co., Ltd.	Pipeline cost	-	2,216,530.19
Zibo Banyang City Gas Co., Ltd.	Procurement of gas	285,760,659.85	222,087,338.69
GE&PM GmbH	Coating Equipment	-	5,487,588.30
Shenzhen Xinruanshi Information Technology Co., Ltd.	Spare Parts	-	3,600.00
Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	commodities	6,223,086.26	5,846,685.75

(3) Associated lease situation

1) As a lessor

Lessee name	Type of leased asset	Revenue recognized in the current period	Prior-period recognized lease income
Zibo China Resources Gas Co., Ltd.	Rental	1,364,591.23	1,510,612.99

2) The Company as Lessee

Lessor Name	Type of Leased Assets	Lease Payments Payable in the Current Period	Lease Payments Payable in the Prior Period
Liang Yansheng	Building Leasing	-	479,153.28

(4) Related-party Guarantees

1) The Company as Guarantor

Guaranteed Party	Guaranteed balance	Guarantee Commencement Date	Guarantee Maturity Date	Whether performance of guarantee is completed
Zibo Urban Asset Operation Group Co., Ltd.	863,200,000.00	2024-11-25	2025-11-25	No
Zibo Urban Asset Operation Group Co., Ltd.	393,000,000.00	2024-8-2	2025-2-20	No
Zibo Urban Asset Operation Group Co., Ltd.	181,500,000.00	2022-9-23	2025-9-22	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2022-9-30	2050-9-9	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2022-12-16	2025-12-15	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2023-4-28	2026-4-27	No
Zibo Urban Asset Operation Group Co., Ltd.	220,745,000.00	2023-3-10	2025-3-10	No
Zibo Urban Asset Operation Group Co., Ltd.	400,000,000.00	2024-10-30	2025-4-29	No
Zibo Urban Asset Operation Group Co., Ltd.	145,000,000.00	2023-7-14	2025-1-13	No
Zibo Urban Asset Operation Group Co., Ltd.	317,675,700.00	2023-7-31	2043-6-5	No
Zibo Urban Asset Operation Group Co., Ltd.	451,900,000.00	2023-2-6	2037-7-19	No
Digital Zibo Operation and Development Co., Ltd.	50,000,000.00	2024-3-4	2025-1-8	No
Digital Zibo Operation and Development Co., Ltd.	70,000,000.00	2024-1-10	2025-1-8	No
Digital Zibo Operation and Development Co., Ltd.	280,000,000.00	2024-1-18	2025-1-14	No
Digital Zibo Operation and Development Co., Ltd.	99,980,000.00	2024-1-19	2025-1-16	No
Zibo Qixin Industrial Investment Co., Ltd.	370,000.00	2019-12-19	2026-9-4	No
Zibo Qi Xin Industry Investment Co., Ltd.	1,000,000.00	2023-2-20	2025-2-15	No
Zibo Qi Xin Industry Investment Co., Ltd.	600,000,000.00	2023-2-23	2028-2-22	No
Zibo Qi Xin Industry Investment Co., Ltd.	59,000,000.00	2023-2-23	2028-2-22	No
Zibo Qi Xin Industry Investment Co., Ltd.	8,437,000.00	2023-2-23	2025-12-15	No
Zibo Qi Xin Industry Investment Co., Ltd.	247,589,900.00	2024-9-30	2025-9-10	No
Zibo Qi Xin Industry Investment Co., Ltd.	469,000,000.00	2024-9-30	2025-9-10	No

Guaranteed Party	Guaranteed balance	Guarantee Commencement Date	Guarantee Maturity Date	Whether performance of guarantee is completed
Shandong Chengyi Natural Gas Utilization Co., Ltd.	52,500,000.00	'2023/1/11	2028/1/11	No

2) The Company as Guaranteed Party

Guarantor	Guarantee Amount	Guarantee Commencement Date	Guarantee Expiry Date	Whether Guarantee Has Been Fully Performed
Zibo Urban Asset Operation Group Co., Ltd.	100,000,000.00	2024-4-30	2025-4-29	No
Digital Zibo Operation and Development Co., Ltd.	200,000,000.00	2024-8-30	2025-8-28	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2024-9-29	2025-9-28	No
Zibo Qixin Industrial Investment Co., Ltd.	200,000,000.00	2024-12-26	2025-12-25	No
Zibo Urban Asset Operation Group Co., Ltd.	200,000,000.00	2024-12-26	2025-12-25	No
Zibo Urban Asset Operation Group Co., Ltd.	700,000,000.00	2024-12-30	2027-1-29	No
Zibo Urban Asset Operation Group Co., Ltd.	400,000,000.00	2024-12-30	2027-3-29	No
Zibo Urban Asset Operation Group Co., Ltd.	400,000,000.00	2024-12-30	2027-5-29	No
Zibo Urban Asset Operation Group Co., Ltd.	50,000,000.00	2024-11-29	2025-11-28	No
Zibo Urban Asset Operation Group Co., Ltd.	240,000,000.00	2023-11-17	2025-11-16	No
Zibo Urban Asset Operation Group Co., Ltd.	79,000,000.00	2022-11-9	2025-11-7	No
Zibo Urban Asset Operation Group Co., Ltd.	572,000,000.00	2021-10-19	2028-10-18	No
Zibo Qixin Industrial Investment Co., Ltd.	310,000,000.00	2021-9-30	2026-9-29	No
Zibo Qixin Industrial Investment Co., Ltd.	210,000,000.00	2024-6-3	2025-6-2	No
Zibo Urban Asset Operation Group Co., Ltd.	1,098,237,600.00	2022-2-18	2028-7-20	No
Zibo Urban Asset Operation Group Co., Ltd.	1,500,000,000.00	2022-4-25	2025-4-24	No
Zibo Urban Asset Operation Group Co., Ltd.	2,000,000,000.00	2023-2-15	2026-11-10	No
Zibo Urban Asset Operation Group Co., Ltd.	580,000,000.00	2023-9-20	2026-9-20	No
Zibo Urban Asset Operation Group Co., Ltd.	1,500,000,000.00	2023-12-26	2026-12-26	No
Zibo Urban Asset Operation Group Co., Ltd.	1,200,000,000.00	2020-11-3	2025-11-2	No
Zibo Urban Asset Operation Group Co., Ltd.	1,050,000,000.00	2023-12-5	2030-12-6	No
Zibo Urban Asset Operation Group Co., Ltd.	1,000,000,000.00	2024-3-28	2025-3-27	No
Zibo Urban Asset Operation Group Co., Ltd.	500,000,000.00	2024-12-24	2025-12-24	No

3. Due from related parties

(1) Bank deposits

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	1,864,104,657.64	1,908,643,178.00

(2) Bank borrowing

1) Short-term borrowing

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	1,262,459,447.85	886,000,000.00

2) Long-term borrowing

Name of related party	Closing balance	Opening balance
Qishang Bank S.A.	357,267,250.00	408,470,000.00

(3) Due from related party

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts Receivable	Zibo China Resources Gas Co., Ltd.	1,309,698.83	-	1,297,723.71	-
Accounts Receivable	Qishang Bank Co., Ltd.	1,758,943.74	-	2,834,839.32	-
Accounts Receivable	Zibo Urban Asset Operation Group Co., Ltd.	29,152,098.64	-	37,372,994.50	-
Accounts Receivable	GE&PM GmbH	35,893,988.68	17,946,994.34	43,720,161.39	4,035,391.27
Accounts Receivable	Shenzhen Xinruanshi Information Technology Co., Ltd.	2,156,320.00	1,078,160.00	2,159,920.00	647,076.00
Accounts Receivable	Zibo Municipal Finance Bureau	72,139,548.83	-	112,477,048.83	-
Accounts Receivable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	2,332,508.40	-	-	-
Accounts Receivable	Lanling Urban Construction and Development Co., Ltd.	15,391,585.01	-	-	-
Prepayments	Zibo China Resources Gas Co., Ltd.	4,887,172.62	-	4,887,172.62	-
Prepayments	Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	812,404.01	-	795,500.92	-
Prepayments	Shandong Chengyi Natural Gas Utilization Co., Ltd.	8,321,544.38	-	9,421,512.19	-
Prepayments	Zibo Banyang City Gas Co., Ltd.	7,706,335.23	-	8,447,000.00	-
Prepayments	Zibo City Gas (Boshan) Co., Ltd.	170,379.00	-	2,022,774.06	-

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Prepayments	Zibo Urban Asset Operation Group Co., Ltd.	1,076,905.43	-	1,921,621.09	-
Other Receivables	Qishang Bank Co., Ltd.	9,634.00	-	4,282.00	-
Other Receivables	Shandong Chengyi Natural Gas Utilization Co., Ltd.	42,000,000.00	6,000,000.00	20,000,000.00	-
Other Receivables	Zibo Urban Asset Operation Group Co., Ltd.	1,119,276,159.72	-	1,081,338,000.00	-
Other Receivables	Zibo Qixin Asset Management Co., Ltd.	20,745,213.96	-	20,904,603.79	-
Other Receivables	Zibo Qixin Industrial Investment Co., Ltd.	202,511,793.38	-	202,511,793.38	-
Other Receivables	Zibo Municipal Finance Bureau	18,019.03	-	19,000,000.00	-
Other Receivables	Zibo China Resources Gas Co., Ltd.	5,371,857.34	258,774.00	5,175,480.09	-
Other Receivables	Shandong Changyun Special Vehicle Manufacturing Co., Ltd.	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00
Other Receivables	Zibo Xingang Gas Co., Ltd.	25,179,853.84	22,186,171.39	24,695,765.36	21,820,692.11
Other Receivables	Qingdao Aite Yun Investment Partnership (Limited Partnership)	602,000.00	-	602,000.00	-
Other Receivables	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	1,125,477.24	-	10,905,483.83	-
Other Receivables	Zibo Qilu Chemical Industrial Zone Jinying Investment Development Co., Ltd.	55,174,672.36	-	66,674,672.36	-
Other Receivables	Lanling Urban Construction and Development Co., Ltd.	1,314,589.20	-	-	-

(4) Amounts Payable to Related Parties

Items	Related Party	Closing balance	Opening balance
Accounts Payable	Zibo Xinneng Natural Gas Pipeline Network Co., Ltd.	-	102,446.64
Accounts Payable	Zibo Urban Asset Operation Group Co., Ltd.	46,224,480.32	
Accounts Payable	Yunxiang Cyber (Shandong) Digital Technology Co., Ltd.	4,356,745.97	2,189,428.32
Other Payables	Zibo China Resources Gas Co., Ltd.	50,000.00	125,176.74
Other Payables	Qingdao Xinneng Equipment Integration Co., Ltd.	16,915.86	16,915.86
Other Payables	Zibo Xingang New Energy Co., Ltd.	8,696,633.31	9,610,673.13
Other Payables	Zibo Urban Asset Operation Group Co., Ltd.	2,014,336,819.44	1,988,193,395.83
Other Payables	Zibo Xingang Fine Chemical Co., Ltd.	22,000,000.00	22,000,000.00
Other Payables	Zibo Chengzhi Gas Co., Ltd.	522.50	522.50

Items	Related Party	Closing balance	Opening balance
Other Payables	Zibo Qilu Chemical Industrial Zone Jinyingu Investment Development Co., Ltd.	327,840,000.00	384,000,000.00
Other Payables	Zhongning State-owned Capital Operation Co., Ltd.	10,000,000.00	10,000,000.00
Other Payables	Zhejiang Xinghehui International Trade Co., Ltd.	94,300,000.00	-
Other Payables	Qingdao Aite Yun Investment Partnership (Limited Partnership)	560,000.00	560,000.00
Other Payables	Liang Yansheng	-	250,000.00
Other Payables	Shenzhen CIMC Intelligent Technology Co., Ltd.	1,800,000.00	1,800,000.00
Other Current Liabilities	Zibo Qixin Industrial Investment Co., Ltd.	39,533,846.00	1,021,790.00
Contract Liabilities	Hayden AG	1,076,063.80	1,076,063.80

IX. Commitments and contingencies

The data listed in this section are in the amount of RMB ten thousand unless specifically stated.

1. Key commitments

As at 31 December 2024, the outstanding balance of letters of guarantee issued externally by Dongjie Intelligent Technology Group Co., Ltd., a subsidiary of the Company, was RMB 34.3736 million and MYR 1.8818 million.

2. Contingent matters

As at the balance sheet date, the Company had no significant contingencies requiring disclosure. As guarantor.

X. Post-balance sheet events

1. Significant non-adjustment matters

From the reporting date to the date of issuance of the report, Shandong Qisheng Futures Co., Ltd., a subsidiary of the Company, newly invested in 18 private funds and one selected short-term bond fund through its securities capital account, with cumulative investments of RMB 179.00 million.

2. Statement of future balance sheet events

Except for the subsequent events disclosed above, the Company had no other significant events after the balance sheet date.

XI. Other important matters

1. Prior-period accounting error correction

Retrospective Restatement Method

Content of Accounting Error Correction	Procedure	Affected Financial Statement Items and Amounts in Each Comparative Period			Cumulative Effect
		Financial Statement Item	2022	2023	
Inter-period correction of impairment of receivables from the WM Motor project of a subsidiary of Dongjie Intelligent Technology Group Co., Ltd., a subsidiary of the Company	This error was reviewed and approved at the third meeting of the ninth board of directors of Dongjie Intelligent Technology Group Co., Ltd.; the error was corrected in the current period using the retrospective restatement method.	Accounts Receivable	-6,626,126.55	-	-
		Contract Assets	-189,886.26	-	-
		Deferred Tax Assets	1,022,401.92	-	-
		Credit Impairment Losses	6,626,126.55	-6,626,126.55	-
		Asset Impairment Losses	189,886.26	-189,886.26	-
		Operating Profit	-6,816,012.81	6,816,012.81	-
		Total Profit	-6,816,012.81	6,816,012.81	-
		Income Tax Expense	1,022,401.92	-1,022,401.92	-
		Net Profit Attributable to Owners of the Parent (RMB)	-5,793,610.89	5,793,610.89	-
		Total Assets	-5,793,610.89	-	-
		Total Equity Attributable to Owners of the Parent	-5,793,610.89	-	-

2. Debt Restructuring

(1) Dongjie Intelligent Technology Group Co., Ltd., a Subsidiary of the Company, as Debtor

Debt Restructuring Method	Carrying Amount of Debt	Gains or Losses Related to Debt Restructuring	Increase in Share Capital and Other Owners' Equity Resulting from Debt Restructuring
Modification of Other Debt Terms	6,516,468.34	1,359,830.74	1,359,830.74

(2) Dongjie Intelligent Technology Group Co., Ltd., a Subsidiary of the Company, as Creditor

Debt Restructuring Method	Carrying Amount of Creditor's Rights	Gains or Losses Related to Debt Restructuring	Increase in Investments Resulting from Debt Restructuring	Proportion of the Investment in the Debtor's Total Shares
Modification of Other Debt Terms	16,852,911.68	-1,209,784.50	-	-

XII. Notes on major items of the parent ' s financial statements

1. Accounts receivable

1. Disclosure by age

Ageing	Closing balance
Within 1 year	38,855,996.59
Less: Bad debt provision	-
Total book value	38,855,996.59

2. Categorized by bad debt method Disclosure

Categories	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts in combination	38,855,996.59	100.00	-	-	38,855,996.59

Continued :

Categories	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Prepare for bad debts in combination	101,574,861.11	100.00	-	-	101,574,861.11

3. Preparation for bad debts

(1) Accounts receivable with impairment provisions recognised based on ageing portfolio at the end of the reporting period

of which: ageing group

Ageing	Book balance	Bad debt provision	Ratio (%)
Within 1 year	38,855,996.59	-	-

4. Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Categories	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Prepare for bad debts in combination	-	-	-	-	-	-

5. Top Five Accounts Receivable by Amount

Debtor Name	Carrying Amount	Percentage of Total Accounts Receivable (%)	Bad debt provision
Qilu Asset Management (Zibo) Co., Ltd.	38,021,750.01	97.85	-
Beijing Hongtai Tongchuang Investment Management Co., Ltd.	834,246.58	2.15	-
Subtotal	38,855,996.59	100.00	-

2. Other accounts receivable

1. Details

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Receivable dividends	-	-	-
Other accounts receivable	5,290,944,560.38	1,941.02	5,290,942,619.36
Total	5,290,944,560.38	1,941.02	5,290,942,619.36

Continued :

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Receivable dividends	-	-	-
Other accounts receivable	4,566,262,856.22	1,941.02	4,566,260,915.20
Total	4,566,262,856.22	1,941.02	4,566,260,915.20

2. Other receivables

(1) By age Disclosure

Ageing	Closing balance
Within 1 year	2,609,292,216.52
1-2 years	1,652,905,188.88
2-3 years	5,000,000.00
3-4 years	150,000,000.00
4-5 years	850,000,000.00
Over 5 years	23,747,154.98
Subtotal of carrying amounts	5,290,944,560.38
Less: Bad debt provision	1,941.02

Subtotal of book value	5,290,942,619.36

(2) Classification by nature

Nature	Closing balance	Opening balance
Transactions	5,288,878,593.32	4,533,307,356.93
Project capital contributions	-	3,000,000.00
Bonds and deposits	2,031,695.50	9,028,395.50
Other	34,271.56	20,927,103.79
Subtotal of carrying amounts	5,290,944,560.38	4,566,262,856.22
Less: Bad debt provision	1,941.02	1,941.02
Subtotal of book value	5,290,942,619.36	4,566,260,915.20

(3) Bad debt provision

Provision for Bad debt.	First stage	Second stage	Third stage	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
Balance as at 1 January 2024	-	-	1,941.02	1,941.02
Movement of the balance as at 1 January 2024 in current period	-	-	-	-
Accrual in current period	-	-	-	-
Recovery or reversal in current period	-	-	-	-
Write-off in current period	-	-	-	-
Balance as at 31 December 2024	-	-	1,941.02	1,941.02

(4) Bad debt provision charged, recovered or transferred during the period

Bad debt provision for the current period

Category	Opening balance	Current period changes				Closing balance
		Accrual	Recovery or Reversal	Write-off	Other	
Bad debts provision per item	1,941.02	-	-	-	-	1,941.02

(5) Nature or Content of Significant Other Receivables

Name of Entity	Closing Balance	Nature or Content of the Amount
Zibo Qixin Infrastructure Industry Investment Co., Ltd.	1,691,456,845.24	Current Accounts

Name of Entity	Closing Balance	Nature or Content of the Amount
Zibo Economic Development Zone Administrative Committee	961,096,640.00	Current Accounts
Zichuan District Finance Holding Co., Ltd., Zibo City	800,000,000.00	Current Accounts
Qilu Asset Management (Zibo) Co., Ltd.	620,000,000.00	Current Accounts
Zibo Urban Asset Operation Group Co., Ltd.	418,870,159.72	Current Accounts
Subtotal	4,491,423,644.96	-

3. Long-term equity investments

1. Details

Item	Closing balance			Opening balance		
	Book balance	Provisions	Carrying amount	Book balance	Provisions	Carrying amount
Investments in subsidiaries	14,974,655,816.29	-	14,974,655,816.29	12,848,524,942.29	-	12,848,524,942.29
Investments in consortia, joint ventures	1,037,666,634.72	-	1,037,666,634.72	1,007,224,887.69	-	1,007,224,887.69
Total	16,012,322,451.01	-	16,012,322,451.01	13,855,749,829.98	-	13,855,749,829.98

Investment in subsidiaries

Investment units	Opening balance (book value)	Increase/decrease in the current period				Closing balance (book value)	Impairment reserve closing balance
		Additional investments	Reduction of investments	Prepare for impairment.	Other		
Zibo Thirty-nine Industries Qisheng Equity Investment Fund Partnership (Limited Partnership)	1,448,037,900.00	300,724,800.00	-	-	-	1,748,762,700.00	-
Shandong Aite Yunxiang Information Technology Co., Ltd.	574,254,000.00	-	-	-	-	574,254,000.00	-
Qixin Private Fund Management (Zibo) Co., Ltd.	9,847,457.62	-	-	-	-	9,847,457.62	-
Shandong Qisheng Futures Co., Ltd.	446,500,000.00	-	-	-	-	446,500,000.00	-
Zibo Energy Group Co., Ltd.	865,901,027.14	-	-	-	-	865,901,027.14	-
Zibo Water Group Co., Ltd.	3,674,841,478.76	20,000,000.00	-	-	-	3,694,841,478.76	-
Zibo Thermal Power Group Co., Ltd.	443,459,828.87	-	-	-	-	443,459,828.87	-
Zibo Security Service Co., Ltd.	71,175,115.77	-	-	-	-	71,175,115.77	-
Zibo Xinrun Financing Guarantee Co., Ltd.	1,467,768,791.74	-	-	-	-	1,467,768,791.74	-
Zibo Zhanheng Hongsong Equity Investment Fund Partnership (Limited Partnership)	848,328,713.00	164,809,074.00	-	-	-	1,013,137,787.00	-
Qixin Supply Chain Technology (Zibo) Co., Ltd.	-	-	-	-	-	-	-
Zibo Qixin Emergency Refinancing Fund Co., Ltd.	20,207,415.80	-	-	-	-	20,207,415.80	-
Qilu Asset Management (Zibo) Co., Ltd.	50,000,000.00	-	-	-	-	50,000,000.00	-
Qixin Financial Leasing (Zibo) Co., Ltd.	600,000,000.00	-	-	-	-	600,000,000.00	-
Qixin Commercial Factoring (Zibo) Co., Ltd.	100,000,000.00	-	-	-	-	100,000,000.00	-
Zibo Caijin Hongsong Industrial Investment Fund Partnership (Limited Partnership)	511,000,000.00	-	400,000,000.00	-	-	111,000,000.00	-
Zibo Qilu Venture Capital Co., Ltd.	1,073,203,213.59	-	-	-	-	1,073,203,213.59	-
Zibo Qixin Infrastructure Industry Investment Co., Ltd.	26,000,000.00	-	-	-	-	26,000,000.00	-

Zibo Qixin Green New Energy Technology Co., Ltd.	13,000,000.00	-	13,000,000.00	-	-	-	-
Zibo Caijin Zhongsheng New Growth Equity Investment Partnership (Limited Partnership)	597,000,000.00	3,600,000.00	600,600,000.00	-	-	-	-
Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership)	8,000,000.00	-	-	-	-	8,000,000.00	-
Qixin Materials (Zibo) Co., Ltd.	-	150,000,000.00	-	-	-	150,000,000.00	-
Zibo Qihui Investment Management Partnership (Limited Partnership)	-	1,299,000,000.00	-	-	-	1,299,000,000.00	-
Zibo Caijin New Kinetic Energy Equity Investment Partnership (Limited Partnership)	-	1,191,600,000.00	-	-	-	1,191,600,000.00	-
Zibo Qixin Venture Capital Fund Partnership (Limited Partnership)	-	9,997,000.00	-	-	-	9,997,000.00	-
Total	12,848,524,942.29	3,139,730,874.00	1,013,600,000.00	-	-	14,974,655,816.29	-

3. Investments in associated enterprises

Investment unit	Opening balance (book value)	Increase/decrease in the current period								Closing balance (book value)	Stand by for impairment. Closing balance
		Additional investments	Reduction of investments	Investment gains and losses recognized under equity law	Other combined income adjustments	Changes in other entitlements	Declaration of cash dividends or profits	Planning Stand by for impairment	Other		
Zibo Corben Polymer New Materials Co., Ltd.	2,984,645.76	-	-	-	-	-	-	-	-2,984,645.76	-	
Shandong Tianshuo Financing Guarantee Co., Ltd.	26,583,809.70	-	-	495,000.00	-	-	495,000.00	-	-	26,583,809.70	-
Qilu Equity Exchange Center Co.,	76,398,936.88	-	-	922.59	-	-	-	-	-	76,399,859.47	-

Ltd.											
Shandong Qilu Agricultural Products Trading Center Co., Ltd.	16,786,723.97	-	-	1,101,070.10	-	-	-	-	-	17,887,794.07	-
Zibo Smart Financial Service Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Qishang Bank S.A.	884,470,771.38	-	-	35,940,090.34	7,946,040.48	-4,073,730.72	-	-	-7,488,000.00	916,795,171.48	-
Total	1,007,224,887.69	-	-	37,537,083.03	7,946,040.48	-4,073,730.72	495,000.00	-	-10,472,645.76	1,037,666,634.72	-

4. Operating revenue and costs

Item	Current period amount		Prior period amount	
	Revenue	Costs	Revenue	Costs
Main operations	725,869,843.24	619,749,115.05	40,468,636.93	-
Other operations	47,106,242.33	-	60,858,903.46	-
Total	772,976,085.57	619,749,115.05	101,327,540.39	-

5. Investment income

Item	Current period amount	Prior period amount
Long-term equity return on cost-based accounting	95,373,423.40	-
Long-term equity return on equity law accounting	37,537,083.03	29,268,277.88
Investment returns from the disposal of long-term equity investments	-	340,503,282.40
Equity income during holding of financial assets	50,031,512.68	45,923,196.58
Other investment income	-2,984,645.76	-
Total	179,957,373.35	415,694,756.86

Zibo Caijin Holding Group Co., Ltd.

29 April 2025



ISSUER

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