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PUBLICATION OF OFFERING CIRCULAR

BINZHOU CAIJIN INVESTMENT DEVELOPMENT GROUP CO., LTD.

(濱州市財金投資發展集團有限公司)

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

CNY346,500,000 2.7 PER CENT. BONDS DUE 2029

(THE “BONDS”)

(STOCK CODE: 85502)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

CITIC Securities

Joint Lead Managers and Joint Bookrunners

BOB International

**China Credit
International
Securities**

**China Galaxy
International**

**China Industrial
Securities
International**

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

CMS International

Haitong Bank

Haitong International

**Hua Xia Bank Co., Limited
Hong Kong Branch**

SDIC Securities HK

**Shenwan Hongyuan
(H.K.)**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of the listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 27 October 2026. The Bonds as described in the offering circular dated 21 October 2026 (the “**Offering Circular**”) (appended herewith) are issued 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.

Notice to Hong Kong Investors: Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) (the “**Issuer**”) confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, 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 Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong, 28 October 2026

As at the date of this announcement, the directors of Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) are Mr. Feng Yueyan, Mr. Li Huitao, Mr. Xia Baocheng, Mr. Yu Rui, Mr. Zhu Shizhe, Mr. Zhu Hualin, Mr. Li Zhichao, Mr. Wang Chuanjiang and Mr. Ma Pengbin.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

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

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

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

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

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) (the “Issuer”), Guotai Junan Securities (Hong Kong) Limited, CLSA Limited, BOB International Asset Management Company Limited, China Credit International Securities Co., Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Merchants Securities (HK) Co., Limited, Haitong Bank, Macau Branch, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, SDIC Securities (Hong Kong) Limited and Shenwan Hongyuan Securities (H.K.) Limited (together, the “Joint Lead Managers”) that: (1) you and any customers you represent are not in the United States, (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and (3) you consent to delivery of this document by electronic transmission. To the extent you purchase the securities described in the attached document, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer the Joint Lead Managers, the Trustee (as defined in the Terms and Conditions of the Bonds), the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

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

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by laws.

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

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

BINZHOU CAIJIN INVESTMENT DEVELOPMENT GROUP CO., LTD.
(濱州市財金投資發展集團有限公司)

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

CNY346,500,000 2.7 per cent. Bonds due 2029

Issue Price: 100.0 per cent.

The 2.7 per cent. bonds in the aggregate principal amount of CNY346,500,000 (the “**Bonds**”) will be issued by Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) (the “**Issuer**”), a company incorporated under the laws of the People's Republic of China. The Bonds will constitute direct, general, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference 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 unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 27 October 2026 (the “**Issue Date**”) at the rate of 2.7 per cent. per annum, payable semi-annually in arrear on 27 April and 27 October in each year (each an “**Interest Payment Date**”), commencing on 27 April 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. 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 and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or, in either case, any authority therein or thereof having power to tax, unless such withholding or deduction is required by law and to the extent described in “*Terms and Conditions of the Bonds — Taxation*”.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)) issued by the NDRC effective from 10 February 2023 (“**Order 56**”) and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate (the “**NDRC Certificate**”) from the NDRC on 8 September 2026 evidencing such registration and has undertaken to provide the requisite information and documents on the issuance of the Bonds to the NDRC in accordance with and within the time period prescribed by Order 56 and any implementation rules as issued by the NDRC from time to time.

The Issuer undertakes that it will (i) submit or cause to be submitted an application for the registration of the Bonds with the local counterpart of State Administration of Foreign Exchange of the PRC (“**SAFE**”) within the timeframe prescribed by, and in accordance with, the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013 and as amended on 4 May 2015, and its operating guidelines issued by SAFE and the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration) on or before the Registration Deadline (as defined in the Terms and Conditions) and (iii) comply with all applicable PRC laws and regulations in relation to the Foreign Debt Registration.

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 October 2029 (the “**Maturity Date**”). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, in the event of certain changes affecting taxes of the PRC. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*”. At any time following the occurrence of a Change of Control or a No Registration Event (each as defined in the Terms and Conditions of the Bonds), the holder of any Bond (each, a “**Bondholder**”) will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for a No Registration Event), together with interest accrued to, but excluding, such Put Settlement Date. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events*”.

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

Investing in the Bonds involves risks. See “*Risk Factors*” beginning on page 13 for a discussion of certain factors to be considered in connection with an investment in 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 may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

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

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

The Bonds will not be rated.

The Bonds will be represented initially by a global 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 of the Central Money Markets Unit Service (the “**CMU**”), the book-entry clearing system operated by the HKMA, on or about the Issue Date. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), together with Euroclear and the CMU, the “**Clearing Systems**”, each a “**Clearing System**”), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with 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 as described in the Global Certificate, individual certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

CITIC Securities

Joint Lead Managers and Joint Bookrunners

BOB International

**China Credit
International Securities**

China Galaxy International

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

CMS International

Haitong Bank

Haitong International

**Hua Xia Bank Co., Limited
Hong Kong Branch**

SDIC Securities HK

Shenwan Hongyuan (H.K.)

Offering Circular dated 21 October 2026

IMPORTANT NOTICE

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

Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Issuer’s subsidiaries (together, 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. Listing of the Bonds on the SEHK is not to be taken as an indication of the merits of the Issuer, the Group or the Bonds.

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all material information with respect to the Issuer, the Group, the Bonds which is material in the context of the issue and offering of the Bonds (including the information which, is required by applicable laws and 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, the Group and of the rights attaching to the Bonds), (ii) 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, (iii) 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, opinion or intention expressed in this Offering Circular misleading, (iv) 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, (v) 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 (vi) the statistical, industry and market-related data and forward-looking statements, each of which is included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believe to be accurate and reliable in all material respects. 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.

The distribution of this Offering Circular, 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, Guotai Junan Securities (Hong Kong) Limited, CLSA Limited, BOB International Asset Management Company Limited, China Credit International Securities Co., Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China Merchants Securities (HK) Co., Limited, Haitong Bank, Macau Branch, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, SDIC Securities (Hong Kong) Limited and Shenwan Hongyuan Securities (H.K.) Limited (together, the “Joint Lead Managers”) to inform themselves about and to observe any such

restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this document 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 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*”.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. 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 any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merit and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them or on its behalf, in connection with the Issuer the Group, the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee, the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should subscribe for or purchase any Bonds. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group with its own tax, legal and business advisers as it deems necessary.

Except as otherwise indicated in this Offering Circular, all non-Group specific statistics and data relating to the industry or to the economic development of certain regions within the People's Republic of China have been extracted or derived from publicly available information and industry publications. Such information has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers who contributed to the publicly available information and industry publications may have obtained information from market participants and such information may not have been independently verified.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgment and examination of the Issuer, the Group and the Terms and Conditions of the Bonds, including the merits and risks involved.

See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them is making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (IN SUCH CAPACITY, THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY, SUBJECT TO ALL APPLICABLE LAWS AND REGULATION, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISATION MANAGER OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER

SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

Important Notice to the Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**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 (“**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 Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

Industry and Market Data

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

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority in the People's Republic of China, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

Financial Information of the Group

This Offering Circular contains 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 for the year ended 31 December 2024 (the “**2024 Audited Financial Statements**”) and the audited consolidated financial statements of the Issuer for the year ended 31 December 2025 (the “**2025 Audited Financial Statements**”, together, the “**Audited Financial Statements**”). The Audited Financial Statements were prepared and presented in accordance with the Enterprise Accounting Standards in the PRC (“**PRC GAAP**”) as promulgated by the MOF from time to time and have been audited by Zhongxinghua Certified Public Accountants LLP (“**Zhongxinghua**”), the Issuer’s independent auditors.

The Issuer publishes its interim financial information from time to time. Such financial information published by the Issuer in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. As such, financial information published in the PRC by the Issuer should not be relied upon by potential investors to provide the same quality of information associated with any audited information.

The financial statements of the Issuer were prepared and presented in accordance with PRC GAAP. The Issuer has not prepared its financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “*Description of Certain Differences between PRC GAAP and IFRS*”.

CERTAIN TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the “**Issuer**” are to Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) and (ii) the “**Group**” are to the Issuer and its subsidiaries, taken as a whole, unless the context otherwise indicates.

Unless otherwise specified or the context otherwise requires, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China, to the “**PRC**” or “**China**” are to the People’s Republic of China, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, and to “**CNY**”, “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

References to information in billions of units are to the equivalent of a thousand million units.

Unless the context otherwise requires, references to “2023”, “2024” and “2025” in this Offering Circular are to the years ended 31 December 2023, 2024 and 2025, respectively.

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

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

- “**Binzhou Government**” refers to the People’s Government of Binzhou City (濱州市人民政府);
- “**Binzhou SASAC**” refers to the State-owned Assets Supervision and Administration Commission of Binzhou City People’s Government (濱州市人民政府國有資產監督管理委員會);
- “**CBRC**” refers to China Bank Regulatory Commission (which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission in April 2018);
- “**CPC**” refers to the Communist Party of China;
- “**CSRC**” refers to the China Securities Regulatory Commission (中國證券監督管理委員會);
- “**Department of Finance of Binzhou City**” refers to Binzhou City Finance Department of the PRC (濱州市財政局);
- “**Department of Finance of Shandong Province**” refers to Shandong Province Finance Department of the PRC (山東省財政廳);
- “**EIT**” refers to enterprise income tax;
- “**GDP**” refers to gross domestic product;
- “**IIT**” refers to PRC individual income tax;

- “**LPR**” refers to the loan prime rates;
- “**MOF**” refers to the Ministry of Finance of the PRC;
- “**MOHURD**” refers to Ministry of Housing and Urban-Rural Development of the PRC;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “**NPC**” refers to the National People’s Congress of the PRC;
- “**PBOC**” refers to the People’s Bank of China, the central bank of the PRC;
- “**PPP**” refers to “public-private partnership”;
- “**PRC Government**” refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “**SAT**” refers to the State Administration of Taxation of the PRC;
- “**SCNPC**” refers to the Standing Committee of the NPC;
- “**State Council**” refers to the State Council of the PRC; and
- “**VAT**” refers to value-added tax.

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 condition, 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:

- the ability of the Group to successfully implement its business plans and strategies;
- the Group's business prospects and capital expenditure plans;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- changes in the Group's competition landscape;
- general economic and political conditions in the PRC and globally;
- risks associated with business activities in the PRC, including rules, regulations and policies of the relevant PRC governmental authorities affecting the Group's business;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- the availability of credit;
- fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates; 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 condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer 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 actual results could differ materially from those anticipated in those forward-looking statements.

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SUMMARY

This 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 the information that may be important to prospective investors in deciding to invest in the Bonds. Prospective investors should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.

OVERVIEW

The Issuer was established in September 2021 with an initial registered capital of RMB10 million contributed by Binzhou Caijin Investment Group Co., Ltd. (濱州市財金投資集團有限公司). As at the date of this Offering Circular, the majority shareholder of the Issuer is Binzhou SASAC, which holds 85.0 per cent. of the Issuer’s equity interest, whereas the remaining 15.0 per cent. is held by Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司). As at the date of the Offering Circular, the registered capital of the Issuer is RMB1.5 billion. The Group is the primary entity tasked with the operation and management of state-owned assets in Binzhou City. Since its establishment, the Issuer has focused on five major business segments, namely engineering construction, textiles, trading, real estate and infrastructure construction.

The Group primarily conducts its business within Binzhou City. For the years ended 31 December 2023, 2024 and 2025, according to the Binzhou City Statistics Bureau (濱州市統計局), the GDP of Binzhou City amounted to approximately RMB311.9 billion, RMB340.4 billion and RMB355.8 billion, respectively. The Group’s commercial expansion and business developments benefit from the continuous economic development of Binzhou City. Binzhou City is located in the lower reaches of the Yellow River Delta and abundant in natural resources. Situated at the tail of the Yellow River Delta, Binzhou City faces Bohai Bay (渤海灣) to the north. It is also conveniently situated in a number of well-recognised development zones, including the Yellow River Delta High-Efficiency Economic Development Zone (黃河三角洲高效生態經濟區), the Shandong Peninsula Blue Economic Zone (山東半島藍色經濟區), the Bohai Economic Circle (環渤海經濟圈) and the Jinan Provincial Capital Economic Circle (濟南省會城市群經濟圈).

Being the core operating entity carrying out urban development activities in Binzhou City, the Group has a diversified business portfolio. The Group’s principal business segments are as follows:

Engineering Construction. The Group engages in the engineering construction business mainly through its subsidiary, Shandong Binzhou Urban Construction Group Co., Ltd. (山東濱州城建集團有限公司) (“**Binzhou Urban Construction**”). For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s engineering construction business was approximately RMB2,642.2 million, RMB3,014.1 million and RMB2,362.1 million, respectively, representing approximately 31.8 per cent., 37.0 per cent. and 31.1 per cent. of the Group’s total operating income for the same periods, respectively.

Textiles. The Group engages in the textiles business mainly through its subsidiary Huafang Shareholding Co., Ltd. (華紡股份有限公司) (“**Huafang**”). For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s textiles business was approximately RMB2,705.7 million, RMB2,658.4 million and RMB2,878.9 million, respectively, representing approximately 32.5 per cent., 32.6 per cent. and 37.9 per cent. of the Group’s total operating income for the same periods, respectively.

Trading. The Group engages in the trading business through its subsidiaries Shandong Yellow River Delta Industries Co., Ltd. (山東黃河三角洲實業有限公司) (“**Shandong Yellow River**”) and Shandong Bingang International Supply Chain Management Co., Ltd. (山東濱港國際供應鏈管理有限公司) (“**Shandong Bingang International**”). For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s trading business was approximately RMB1,287.9 million, RMB806.6 and RMB803.7 million, respectively, representing approximately 15.5 per cent., 9.9 per cent. and 10.6 per cent. of the Group’s total operating income for the same periods, respectively.

Real Estate. The Group conducts its real estate business primarily through its wholly owned subsidiary Binzhou Hengxin Real Estate Co., Ltd. (濱州恒信置業有限公司) (“**Binzhou Hengxin**”). For the years ended 31 December 2023, 2024 and 2025, the Group’s operating income from its real estate business amounted to approximately RMB856.5 million, RMB248.6 million and RMB199.8 million respectively, representing approximately 10.3 per cent., 3.0 per cent. and 2.6 per cent. of the Group’s total operating income for the same periods, respectively.

Infrastructure Construction. The Group operates the infrastructure construction business primarily through two models, namely agent construction model and public-private partnership (“**PPP**”) model. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s infrastructure construction business was approximately RMB229.5 million, RMB272.0 million and RMB241.8 million, respectively, representing approximately 2.8 per cent., 3.3 per cent. and 3.2 per cent. of the Group’s total operating income for the same periods, respectively.

Other businesses. In addition to the principal business segments, the Group is also engaged in other businesses, including but not limited to, sewage treatment, land leasing, lending of idle funds, grain storage, prevention business and cultural tourism industry business. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s other businesses was approximately RMB596.5 million, RMB973.9 million and RMB1,104.9 million, respectively, representing approximately 7.2 per cent., 11.9 per cent. and 14.6 per cent. of the Group’s total operating income for the same periods, respectively.

COMPETITIVE STRENGTHS

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

- Well-positioned to leverage the excellent location and rapid economic growth of Binzhou City to achieve business growth.
- Strong support from the Binzhou City People’s Government.
- Diversified sources of funding and strong credit position.
- Experienced and professional management team with sound corporate governance.

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

- Continue to capitalise on the tremendous business opportunities arising from the development strategies and economic growth of Binzhou City.
- Continue to enhance financial management with stringent risk control.
- Continue to acquire high-quality assets in Bincheng District and Binzhou City and to enhance management efficiency.

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	Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司).
Issue	CNY346,500,000 2.7 per cent. bonds due 2029.
Issue Price	100.0 per cent.
Form and Specified Denomination.	The Bonds will be issued in registered form in the denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.7 per cent. per annum, payable semi-annually in arrear on 27 April and 27 October in each year (each an “ Interest Payment Date ”), commencing on 27 April 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 October 2026.
Maturity Date	Interest Payment Date falling on, or nearest to, 27 October 2029.
Use of Proceeds	See the section entitled “ <i>Use of Proceeds</i> ”.
Status of the Bonds	The Bonds will constitute direct, general, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

Undertakings relating to the NDRC	Pursuant to Order 56, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 8 September 2026 evidencing such registration. The Issuer undertakes that it will (i) within ten Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite offering information and the issue details of the Bonds in accordance with Order 56 and any implementation rules as issued by the NDRC from time to time; and (ii) comply with the continuing reporting obligations within the prescribed timeframes in accordance with Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.
Undertakings relating to the Foreign Debt Registration	The Issuer shall use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration) on or before the Registration Deadline (being 150 calendar days after the Issue Date).
Events of Default	Upon the occurrence of certain events as described in Condition 9 of the Terms and Conditions of the Bonds, the Trustee at its discretion may, and if so requested in writing by Bondholders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice 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.
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 and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or, any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 21 October 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 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 in excess of Applicable Rate, then 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 in the circumstances described in Condition 8 of the Terms and Conditions of the Bonds.

Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 27 October 2029. The Bonds may not be redeemed at the option of the Issuer other than in accordance with Condition 6 of the Terms and Conditions of the Bonds.

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount together with interest accrued to, but excluding, the date fixed for redemption in the event of certain changes affecting taxes of the PRC, as further described in “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*”.

Redemption for Relevant Events

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

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

- (i) the Binzhou SASAC, Department of Finance of Shandong Province, Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司), Shandong Provincial People’s Government (山東省人民政府) and any other person directly or indirectly wholly-owned by the central government of the PRC (together, 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 or sells or transfers all or substantially all of its assets to any other person or persons, except where such person(s) (in the case of an asset sale or transfer) or the surviving entity (in the case of a consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by the PRC Government Persons.

A “**No Registration Event**” occurs when the Registration Conditions are not satisfied in full on or before the Registration Deadline.

Further Issues The Issuer may from time to time without the consent of the Bondholders create and issue further bonds (or in all respects except for the Issue Date, the first payment of interest on them and the timing for making and completing the Foreign Debt Registration and the NDRC Post-issue Filing and the related notifications to the Trustee and the Bondholders) so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds). References in the Terms and Conditions of the Bonds to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to Condition 15 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

Clearing Systems The Bonds will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear and Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with 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, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

Governing Law and Jurisdiction . English law. Exclusive jurisdiction of the Hong Kong courts.

Trustee The Bank of New York Mellon, Hong Kong Branch.

CMU Lodging and Paying Agent The Bank of New York Mellon, Hong Kong Branch.

Registrar and Transfer Agent . . .	The Bank of New York Mellon, Hong Kong Branch.
Listing	Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
ISIN	HK0001366456
Common Code	353660659
CMU Instrument Number	BNYHFB26321
Legal Entity Identifier	83680078Q4JHY8WKU442.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the Group's summary consolidated financial information as at and for the periods indicated. The consolidated financial information as at and for the years ended 31 December 2023, 2024 and 2025 set forth below is extracted from and should be read in conjunction with the Audited Financial Statements and the notes thereto, which have been included elsewhere in this Offering Circular. The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP and have been audited by Zhongxinghua.

PRC GAAP differs from IFRS in certain respects. For a discussion of certain differences between PRC GAAP and IFRS, see "Description of Certain Differences between PRC GAAP and IFRS". The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS, nor has it quantified such differences.

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

SUMMARY CONSOLIDATED BALANCE SHEET OF THE GROUP

	As at 31 December		
	2023	2024	2025
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Current Assets:			
Cash and cash equivalents	6,299,038.4	5,491,100.9	4,384,935.8
Financial assets held for trading	—	—	451,671.4
Notes receivable	30,495.0	24,766.7	42,884.1
Accounts receivable	3,150,567.7	4,504,758.8	4,649,349.2
Accounts receivable financing	—	—	20.0
Advances to suppliers	775,283.5	816,399.8	666,712.6
Other receivables	5,627,251.2	5,433,496.0	2,627,251.9
Inventory	13,760,935.1	15,025,533.6	15,525,692.0
Contract assets	223,561.7	75,980.2	225,365.9
Non-current assets due within one year	238.9	94.6	104,582.3
Other current assets	486,962.3	432,115.2	1,861,717.7
Total Current Assets	30,354,333.8	31,804,245.7	30,540,183.0
Non-current Assets:			
Debt investments	—	348,560.4	3,074,675.1
Long-term receivables	5,371,155.4	4,922,342.0	3,520,396.9
Long-term equity investments	1,741,967.9	2,006,116.5	2,093,575.6
Other equity instrument investments	1,887,535.0	6,133,221.1	6,265,114.9
Other non-current financial assets	3,077,060.1	3,693,027.4	4,040,373.0
Investment properties	90,224.1	646,382.2	1,973,578.1
Fixed assets	2,494,390.1	2,846,418.4	2,643,362.9
Construction in progress	3,906,707.2	3,268,612.6	3,416,032.7
Bearer biological assets	63,215.5	66,276.4	63,502.9
Intangible assets	6,689,876.8	6,795,596.7	6,969,008.0
Long-term prepaid expenses	56,468.6	20,636.8	23,406.9
Deferred tax assets	68,463.3	74,755.6	80,169.3
Other non-current assets	982,120.1	826,986.9	751,436.3
Total Non-current Assets	26,429,184.0	31,648,933.0	34,914,632.6
Total Assets	56,783,517.8	63,453,178.7	65,454,815.6
Current Liabilities:			
Short-term borrowings	2,350,975.8	2,687,773.4	2,949,950.6
Notes payable	935,925.6	486,247.6	356,445.9
Trade payable	5,403,313.9	5,408,215.2	4,736,791.0
Advances from customers	1,961.1	11,112.0	5,276.6
Contract liabilities	628,581.5	542,339.4	860,935.4
Employee benefits payable	52,039.2	60,000.9	63,501.5
Taxes payable	181,733.1	170,474.2	202,896.5
Other payables	2,955,744.5	2,357,321.1	2,269,871.0
Non-current liabilities due within one year	4,151,075.0	5,130,557.4	3,918,538.1
Other current liabilities	85,175.0	50,890.5	101,809.4
Total Current Liabilities	16,746,524.6	16,904,931.7	15,466,016.1

	As at 31 December		
	2023	2024	2025
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Non-current Liabilities:			
Long-term borrowing	9,112,249.1	9,893,519.0	10,693,790.3
Bonds payable	4,989,230.8	6,186,857.1	7,618,215.6
Insurance contract reserves	25,975.4	55,066.1	77,174.0
Long-term payables	4,371,053.6	5,054,272.7	5,305,746.1
Provisions	323.2	774.2	1,003.0
Deferred incomes	19,744.8	20,906.3	41,915.1
Deferred tax liabilities	0.6	0.1	3,387.6
Other non-current Liabilities	12,058.6	10,456.9	10,456.9
Total non-current liabilities	18,530,636.2	21,221,852.5	23,751,688.6
Total Liabilities	35,277,160.8	38,126,784.2	39,217,704.7
Owner's Equity:			
Paid-in capital	1,000.0	1,500,000.0	1,500,000.0
Capital reserve	17,153,462.8	19,210,941.8	19,694,305.2
Other comprehensive income	(17,724.2)	(25,020.2)	(14,675.1)
Undistributed profits	1,031,249.3	1,131,790.9	1,193,728.2
Total owner's equities attributable to the parent company	18,167,987.9	21,817,712.4	22,373,358.3
Minority shareholder's equity	3,338,369.1	3,508,682.0	3,863,752.6
Total owners' equity	21,506,357.0	25,326,394.5	26,237,110.9
Total liabilities and owners' equity	56,783,517.8	63,453,178.7	65,454,815.6

SUMMARY CONSOLIDATED INCOME STATEMENT OF THE GROUP

	For the year ended 31 December		
	2023	2024	2025
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Total operating revenue	8,318,321.6	8,151,926.8	7,591,282.0
Of which: Operating revenue	8,318,321.6	8,151,926.8	7,591,282.0
Total operating costs	8,413,858.8	7,923,239.8	7,511,707.8
Of which: Operating costs	7,208,269.8	6,574,089.4	6,085,346.7
Net provision for insurance contracts	21,338.3	29,090.7	10,712.3
Taxes and surcharges	97,595.5	84,032.1	124,502.7
Selling expenses	51,961.7	86,121.9	81,957.7
Administrative expenses	354,557.6	328,635.7	371,529.2
R&D expenses	123,887.6	141,686.8	129,557.0
Financial expenses	556,248.2	679,583.1	708,102.1
Add: Other incomes	213,617.3	47,499.0	10,884.9
Investment income (losses marked with “-”)	261,791.3	172,184.5	159,974.5
Changes on fair value (losses marked with “-”)	—	—	(113.6)
Credit impairment losses (losses marked with “-”)	(83,585.5)	(52,360.2)	(10,545.6)
Asset impairment losses (losses marked with “-”)	(78,298.3)	(104,724.6)	(187,903.1)
Gains on disposal of assets (losses marked with “-”)	266.0	(11,821.2)	(2,085.6)
Operating profit (losses marked with “-”)	218,253.5	279,464.5	49,785.7
Add: Non-operating income	7,702.4	1,496.5	6,732.4
Less: Non-operating expenses	4,896.9	1,847.3	4,104.3
Total profits (total losses marked with “-”)	221,059.0	279,113.8	52,413.8
Less: Income tax expenses	34,403.5	62,819.4	74,455.0
Net profit (net losses marked with “-”)	186,655.5	216,294.4	(22,041.2)
(I) Classified by business continuity			
Net profits from sustainable operation (net losses marked with “-”)	186,655.5	216,294.4	(22,041.2)
(II) Classified by ownership			
Net profits attributable to parent company shareholders (net losses marked with “-”)	103,993.3	175,918.1	126,225.9
Minority shareholders’ profits and losses (net losses marked with “-”)	82,662.2	40,376.3	(148,267.1)
After-tax net amount of other comprehensive incomes	(33,606.2)	(17,296.0)	10,345.1
Net other comprehensive incomes after tax attributable to owners of parent company	(33,606.2)	(17,296.0)	10,345.1
Other comprehensive incomes not to be reclassified into profits and losses	(33,561.3)	(17,262.7)	10,271.8
Changes in fair value of other equity instrument investments	(33,561.3)	(17,262.7)	10,271.8
Other comprehensive incomes to be reclassified into profits and losses	(44.9)	(33.3)	73.3
Translation differences in foreign currency financial statements	(44.9)	(33.3)	73.3
Total comprehensive incomes	153,049.2	198,998.4	(11,696.1)
Total comprehensive income attributable to owners of parent company	70,387.0	158,622.1	136,571.0
Total comprehensive incomes attributable to minority shareholders	82,662.2	40,376.3	(148,267.1)

SUMMARY CONSOLIDATED CASH FLOW STATEMENT OF THE GROUP

	For the year ended 31 December		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)
Net cash flow from operating activities	866,964.9	814,920.5	1,593,260.4
Net cash flow from investment activities	(2,608,975.0)	(3,997,166.3)	(3,076,913.9)
Net cash flow from financing activities	1,951,011.6	2,876,679.9	390,679.0
Net Increase in Cash and Cash Equivalents	217,984.6	(290,663.0)	(1,087,387.1)
Add: Opening balance of Cash and Cash equivalents	5,056,296.7	5,274,281.3	4,983,618.2
Closing Balance of Cash and Cash Equivalents	5,274,281.3	4,983,618.2	3,896,231.1

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. The Group believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Bonds. Additional considerations and uncertainties not presently known to the Group or which it 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 also 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 Issuer to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Group does not represent that the statements below regarding the risks of investment in the Bonds are exhaustive.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

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

The Group primarily conducts business in and derives most of its revenue from its operating activities in the PRC, particularly in Binzhou City, Shandong Province, focusing mainly on engineering construction, textiles, trading, real estate development and infrastructure construction. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Binzhou City and the PRC in general.

The PRC's economy has experienced rapid growth in the past 40 years, however, in recent years there has been a slowdown in the growth rate. The slowdown in PRC's overall economy may hinder the economic growth of Binzhou City. Since the Group is an entity controlled by the Binzhou SASAC, its business performance and prospect depend largely on the national as well as regional spending of the government. As such, any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, reduce the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies provided to the Group, any of which may result in a material adverse effect on the Group's business, financial condition, and results of operations.

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

The PRC Government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) ("Circular 43") in September 2014 released by the State Council, the Circular on Further Regulating the Debt Financing Behaviours of Local Government (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) ("Circular 50") jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the former China Banking Regulatory Commission, the former CBRC and the China Securities Regulatory Commission in April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名

義違法違規融資的通知(財預[2017]87號)) (“**Circular 87**”) issued by the MOF in May 2017, the Notice on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) issued by the MOF in March 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)) (“**Circular 706**”) jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council in September 2018 (the “**Joint Opinion**”) and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) issued by the General Office of the NDRC in June 2019 (“**Circular 666**”) and the Guidelines for Banking and Insurance Institutions to Further Prevent and Defuse the Risks of Implicit Local Government Debt (Yin Bao Jian Fa [2021] No. 15) (銀行保險機構進一步做好地方政府隱性債務風險防範化解工作的指導意見(銀保監發[2021]15號)) issued by the former China Banking and Insurance Regulatory Commission (“**Circular 15**”) (Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion, Circular 666 and Circular 15, together, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than Bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 87 required local governments and their departments shall not take advantage of or make up a contract for the government procurement of services in such a manner that conceals an underlying objective of raising funds for getting finance from financial institutions or non-financial institutions through government procurement of services, and shall not make up a contract for accounts payable (receivable) by any means or enter into such a contract beyond their respective authority in an attempt to help financing platforms and other types of enterprises raise funds. Circular 23 and Circular 706 established policies for foreign debt issuance including exclusions on public assets being listed as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association with the government’s credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf. Circular 666 provides, among other things, that a local state-owned enterprise shall independently assume responsibility for the repayment of its foreign debt; that local governments and their departments shall not directly repay, or undertake to repay, such foreign debt with fiscal funds or provide guarantees for such foreign debt; and that misleading statements associating such debt with the credit of a local government shall not be included in the relevant offering documents. In July 2021, the former CBIRC issued Circular 15, which provides that the banks and insurance institutions shall not increase any new local government implicit debt in any form. Circular 15 also provides that, the financing provided by banks and insurance institutions shall meet the following requirements: (i) it is not allowed to provide financing which actually will be repaid by government fiscal funds, or guaranteed by the government; (ii) the banks and insurance institutions shall not require or accept guarantee documents issued by local government or their departments; (iii) the banks and insurance institutions shall not require or accept any guarantee using the state-owned assets of local government, public institution or social organisation as guaranty; (iv) the banks and insurance institutions shall not require or accept any guarantee with government reserve land or expected land sale income as guaranty; (v) in PPP projects or government investment fund projects, the banks and insurance institutions shall not stipulate or require local government to repurchase the investment principal, bear the loss of the investment principal or guarantee the minimum return; (vi) financing services provided by banks and insurance institutions shall not be included in government purchase services; (vii) existing local government financing shall be rectified in accordance with relevant regulations; and (viii) it is not allowed to increase any implicit local government debt in any form.

The Group believes that the PRC Government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Binzhou SASAC, Binzhou Government, the Department of Finance of Shandong Province, nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Group, and the obligations of the Group under the Bonds or the Trust Deed shall solely be fulfilled by the Group as independent legal persons. The liability of the Binzhou SASAC, the Binzhou Government and the Department of Finance of Shandong Province is limited to its equity contribution in the Group. If the Group does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Group, but not the Binzhou SASAC, Binzhou Government, the Department of Finance of Shandong Province or any other PRC governmental entities.

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

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

The Issuer is controlled by the Binzhou SASAC, which is under direct administration of the Binzhou Government. As its controlling shareholder of the Issuer, the Binzhou SASAC participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans as well as appoints and conducts annual appraisals on the directors, supervisors and senior management of the Issuer. Due to the involvement of the Binzhou SASAC in the affairs of the Issuer as its controlling shareholder, there can be no assurance that the Binzhou SASAC will not interfere with the business and operations of the Issuer, and any such interference may have a material adverse effect on the Group's business, financial position, results of operations, financial performance and prospects.

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

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

As the Issuer is substantially controlled by the Binzhou SASAC, the Group has received financial support and certain preferential treatments from the Binzhou SASAC and the Binzhou Government. These supports come in various forms, such as favourable policies, government subsidies and capital injection. For the years ended 31 December 2023, 2024 and 2025, the Group had received government grants of

approximately RMB213.6 million, RMB47.5 million and RMB10.9 million, respectively. However, there is no assurance that the Binzhou SASAC and the Binzhou Government will continue to provide such support to the Group or that the existing or other types of government support will not be adjusted or terminated due to any change in government policies or otherwise.

If any favourable incentive or government support which is currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected. In addition, the ownership or controlling relationship between the Issuer and the Binzhou SASAC does not necessarily correlate to, or provide any assurance as to the Issuer's or the Group's financial conditions. The repayment obligations under the Bonds remain the sole obligation of the Issuer.

The Group's business operations are capital intensive and any failure of the Group to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

Some of the Group's businesses require significant capital outlay, such as engineering construction, infrastructure construction, trading, textiles and real estate development. To fund its future investments and expansions, the Group believes that its demand for capital resources will continue to increase. The Group's capital expenditure and investment plans are affected by a number of factors, such as change in business plan and strategies and changes of market conditions etc. Any adverse change in these factors may result in an increase in the actual investment and cost overrun and creating capital shortfall, and may adversely affect the results of operations and financial condition of the Group.

The Group has historically satisfied its cash requirements with (i) the cash flow generated from its operating activities, (ii) capital injection and subsidies from Binzhou SASAC or the Department of Finance of Binzhou City, (iii) proceeds of bank and other borrowings and (iv) proceeds of issuance of bonds in the PRC capital markets and international capital markets. The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any adverse change in any of these factors may result in capital shortfall. There is no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times.

If the Group is not able to satisfy its cash needs with its operating cash flow, it has to increase its reliance on external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group;
- success of the Group's business;
- the Group's ability to obtain the PRC Government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and

- political and economic conditions in the rest of the PRC generally.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affect the Group's business, financial condition, results of operations and prospects. Substantial indebtedness will in turn increase the pressure on the Group's liquidity and cause additional operational risks.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has had an amount of outstanding indebtedness. As at 31 December 2025, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, long-term borrowings, bonds payable and long-term payables) was approximately RMB26.6 billion, representing 67.8 per cent. of the Group's total liabilities. In addition, as at 31 December 2025, the total current liabilities of the Group amounted to approximately RMB15.5 billion, accounting for 39.4 per cent. of the Group's total liabilities, and the Group also maintained a relatively high liability-to-asset ratio of 59.9 per cent. A relatively large size of indebtedness may pose negative effects on the repayment capabilities of the Group in the long run. In addition, the short-term borrowings and non-current liabilities maturing within one year as at 31 December 2025 of the Group are RMB3.0 billion and RMB3.9 billion, respectively, which may cause pressure of payment of the Group in the short run. The Group's cash and cash equivalents for the year ended 31 December 2025 amounted to RMB4,384.9 million, which might not cover indebtedness the Group is required to repay in the short run. Therefore, if the Group cannot obtain sufficient funds in commercially acceptable terms in the future, it may be under the repayment pressure, which may negatively affect the liquidity and operation of the Group.

In addition, the Group guarantees indebtedness of the companies within the Group and other third parties from time to time. As at 31 December 2025, the outstanding guarantees provided by the Group were approximately RMB11,645.1 million, accounting for 17.8 per cent. of the Group's total assets, which were mainly provided for the indebtedness of the companies controlled by Binzhou City. If any of such entities defaults in paying its indebtedness guaranteed by the Group, the Group would be liable for such indebtedness or obliged to pay the shortfall according to the provisions of the relevant guarantee, which may have a material and adverse impact on the Group's business, financial condition and results of operations.

In addition to the above, substantial indebtedness could impact the Group's businesses in a number of ways, including:

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

As the Group's business scale continues to grow, its capital requirement and its reliance on external financing may continue to increase. The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements. The Group is subject to financing cost and repayment pressure of principal and interests. Such cost and pressure may increase in the future. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its debts, legal actions against the Group by its creditors, or even insolvency.

The Group's borrowings may be secured.

Third-party security rights may limit the Group's use of the underlying collateral assets and materially and adversely affect its operational efficiency. As at 31 December 2025, the Group's restricted assets amounted to approximately RMB9,616.5 million, representing 14.7 per cent. of its total assets. The Group's restricted assets include, among others, cash and cash equivalents, fixed assets, assets held for sale, intangible assets and non-current assets due within one year. If the Group is unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may materially and adversely affect the Group's business, prospects and financial condition.

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

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

As at 31 December 2025, the Group had total credit facilities of approximately RMB36.6 billion, of which approximately RMB17.5 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. In these cases, the Group may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

Significant other receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2023, 2024 and 2025, the Group's other receivables amounted to approximately RMB5.6 billion, RMB5.4 billion and RMB2.6 billion, respectively, representing 9.9 per cent., 8.6 percent. and 4.0 per cent., respectively, of the Group's total assets. These other receivables are mainly outstanding amounts owed by governmental entity and local state-owned enterprises to the Group.

According to the Group's accounting policies, the Group will make provisions for overdue receivables in its statement of financial position as a reserve against the future recognition of certain accounts receivable or as bad debt. As at 31 December 2025, the Group had made provisions for the Group's other receivables of approximately RMB418.7 million.

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

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

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

As at 31 December 2023, 2024 and 2025, the Group's inventories amounted to approximately RMB13.8 billion, RMB15.0 billion and RMB15.5 billion, respectively, representing 24.2 per cent., 23.7 per cent. and 23.7 per cent. of the Group's total assets, respectively. The Group's inventories mainly comprise of raw materials, land and housing inventory, goods-in-process, development costs and contract performance costs. This may limit the Group's ability to respond to changing economic, financial and investment conditions. There is no assurance that it will be able to sell any of these goods for a price or on the terms satisfactory to the Group. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and materially and adversely affect its ability to carry on ordinary business activities and to service its outstanding indebtedness, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

The Group's business may be affected by natural disasters, epidemics and other acts of God which are beyond the Group's control. Occurrence of earthquake, sandstorm, snowstorm, fire, drought, or outbreak of epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), Asian Lineage Avian Influenza A (H7N9), Zika Virus Disease or COVID-19 may have a material adverse impact on the economic and social condition in the affected regions. Any such occurrences could adversely affect the Group's business operations, cause delays in the estimated completion dates for their business projects, increase the costs associated with its operations and could in turn, materially and adversely affect its revenue, profit and cash flows and, accordingly, negatively impact its ability to repay any debt.

Moreover, the PRC has experienced natural disasters like earthquakes, floods, and droughts in the past few years. For example, since early June 2020, weeks of torrential rain flooded provinces throughout southern China, causing landslides, bursting dikes, forcing the evacuation of local residents and resulting in billions of economic losses. In May 2008 and April 2010, the PRC experienced earthquakes in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. Since the beginning of 2010, there have occurred severe droughts in southwestern China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and in turn the Group's business.

In addition, some of the Group's contracts may have force majeure provisions that permit relevant counterparties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

The recurrence of SARS or COVID-19 or an outbreak of any other epidemics in the PRC such as the H5N1 or the H7N9 avian flu may delay completion of the Group's projects under construction as scheduled, causing substantial increase in the Group's costs, which may result in a material impact on the Group's related businesses which in turn may adversely affect the Group's results of operations, financial condition and prospects.

The Group does not have any control over the schedule and priority of the grant of land use rights for its infrastructure construction, engineering construction and real estate projects, and the Group's revenue from infrastructure construction, engineering construction and real estate may fluctuate significantly from period to period.

The Binzhou Government determines schedule and priority of the grant of land use rights by taking into consideration of many factors such as government income and budget, city development plans, cost of primary development, location of the land, policies and regulations affecting real property investment and development and macroeconomic conditions in Binzhou City. The Group has no control over the schedule and priority of the grant of land use rights. As a result, the Group's revenue from infrastructure construction, engineering construction and real estate may fluctuate significantly from time to time depending on the timing of the land grant and the time of signing of the land grant contract.

The Group's results of operations relating to its infrastructure construction, engineering construction and real estate for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future. Suspensions or delays in granting of land use rights, as a result of government policies or decisions, macroeconomic conditions or otherwise, will also have a material adverse impact on the Group's business, financial condition and results of operations.

Real estate business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法), all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. The Group is required to provide these warranties to the purchasers of the real estate it constructs and sells. Generally, the Group receives quality warranties from its third-party contractors with respect to its real estate projects. If a significant number of claims were brought against the Group under its warranties and if the Group was unable to obtain compensation for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm its reputation, and materially adversely affect its business, financial condition and results of operations.

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

Substantially all of the Group's current and anticipated businesses are concentrated in Binzhou City. Any material region-wide adverse events may negatively impact the demand for projects conducted or services provided by the Group in Binzhou City, which would in turn affect the revenue and profitability of the Group. Such material and adverse events include, but are not limited to, changes in economic conditions and the regulatory environment, changes in the government's development plans and policies, decrease in investor confidence within the region, significant natural disasters, and man-made incidents. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these material and adverse events, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to risks in connection with contracting with public bodies.

As a majority-owned enterprise by the Binzhou SASAC, the Issuer mainly undertakes urban development construction in Binzhou City, and collaborates with various governmental authorities and their controlled

entities at provincial and local levels. The Group is therefore exposed to risks in connection with contracting with public bodies. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. The Group's operations are sometimes subject to changes or postponement arising from factors such as changes in government budget and changes in policy considerations. In addition, disputes with public bodies (if any) may last for considerably longer periods of time than for those that occur with private sector counterparties, and payments from public bodies may be delayed as a result. All these risks may have a material and adverse effect on the Group's results of operations and financial position.

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 materially and adversely affect its liquidity, financial condition and results of operations.

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

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

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

The Group's operating income and results of operations may fluctuate from period to period as a result of a number of factors, such as general economic conditions, local market conditions and demands, government policies and incentives measures in business areas where the Group operates, adjustment of the Group's primary business activities, the Group's ability to develop and complete projects on time, as well as its accounting policies for revenue recognition. In addition, the Group's operating income and results of operations are also affected by the Group's ability to develop and complete construction of resettlement housing projects on time, as well as its accounting policies for revenue recognition.

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

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

The Issuer has a number of subsidiaries operating in different industries. Through these subsidiaries, the Group engages in engineering construction, textiles, trading, infrastructure construction and real estate in Binzhou City. As such, the Group is exposed to risks associated with conducting multiple businesses and operating through a large number of subsidiaries.

Furthermore, given the Issuer's reliance on its subsidiaries, it is critical to ensure that the Issuer's subsidiaries have sufficient working capital for their operations. The capital contributions by the Issuer or other members of the Group to some major subsidiaries of the Issuer may be made in non-cash forms, such as intellectual properties and equipment, the fair value of which might not have been accurately assessed or were even overpriced at the time such capital contribution was made. This may result in such subsidiaries receiving assets that are worth less than their registered capital, and as a result adversely and materially affect the ability of such subsidiaries to carry out business operations or to meet their obligations under financing agreements.

In addition, successful operation of the Issuer's subsidiaries 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 would increase the difficulty of implementing its management system.

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

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

The Group has substantial indebtedness outstanding. Some of the Group's indebtedness bears interest that accrues at interest rates linked to loan prime rates published by the PBOC. Any material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and in turn affect its results of operations. The PRC Government from time to time adjusted interest rates as implementation of the PRC Government's economic and monetary policies. Since the outbreak of the global financial crisis in 2008, the PRC Government has repeatedly lowered benchmark lending rates to encourage borrowing and stimulate the recovery of the country's economy. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.5 per cent. to 5.3 per cent. in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate had gradually increased to 6.56 per cent. on 7 July 2011 and onwards. In recent years, a perceivable slowdown in the growth of China's economy again caused the PRC Government to adopt more liberal monetary policies with an aim to stimulate its economic development. Since 2012, the PBOC reduced the benchmark one-year lending rate a number of times to 4.4 per cent. as at 24 October 2015 and onwards. In August 2019, the PBOC adopted measures to increase the influence of the LPR as

part of its broader market-based reforms of the PRC's interest rate market and financial institutions would not be allowed to sign floating interest rate contracts based on former benchmark lending rates with effective from 1 January 2020. The LPR serves as the benchmark for market interest rates in the PRC. Although the Group's business and financial condition may benefit from the low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue. Any increase in LPRs by the PBOC in the future will increase the Group's financing costs and materially and adversely affect the Group's profitability, financial condition, and results of operations.

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

Certain business activities of the Group, such as infrastructure construction, engineering construction, trading, textiles and real estate development, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities and the Group must comply with extensive procedural requirements before it is qualified to carry out the relevant regulated business activities. For example, the Group is required to obtain a State-owned Construction Land Use Right Certificate (國有建設用地使用權證), a construction project establishment approval, an environmental assessment approval or registration, a construction land planning permit (建設用地規劃許可證), a construction project planning permit (建設工程規劃許可證) and a construction permit (建築工程施工許可證), which may not be obtained in a timely manner for certain infrastructure construction projects currently maintained by the Group. It takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in granting approvals, licences, permits and certificates necessary for the Group to conduct its business. In addition, the Group is required to comply with the articles of associations in terms of corporate management and daily operation. Failure to obtain the necessary approvals, licences or permits in a timely manner or any non-compliance could result in delay or suspension of business operations, and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties. As at the date of this Offering Circular, two of the shareholders of Binzhou Tongda Water Treatment Co., Ltd. (濱州通達水處理有限公司) have not paid up the registered capital of such subsidiary in accordance with the articles of association. As at the date of the Offering Circular, as confirmed by the Issuer, the Group has not experienced any material adverse effects resulting from the above non-compliance.

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

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

The Group may from time to time expand its businesses to new industries and markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its business. The Group's ability to successfully develop its new businesses and implement this strategy depends on its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain working

relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully expand its businesses, implement its growth strategy, manage or integrate newly acquired operations with the Group's existing operations. Failure to develop new businesses or implement the Group's growth strategy could have a material adverse impact on its business, financial condition, results of operations and prospect.

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

The Group's ability to implement its growth strategy will depend on a number of factors, in particular, its ability to identify suitable project development opportunities, reach agreements with government authorities and obtain the necessary authorisations and approvals. The Group believes that identifying and developing projects may become increasingly difficult in the future as competition for the development of investment projects increases.

There can be no assurance that the Group will be able to identify suitable investment and acquisition targets, complete the investments and acquisitions on satisfactory terms, if at all, or, if any such investments and acquisitions are completed, 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.

Furthermore, the Group's portfolio companies in different operating segments may 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 approvals, among others. If the Group fails to complete such business ventures or they prove to be unsuccessful, the Group's operating segments involved may be materially and adversely affected.

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

The cost of raw materials, such as steel and cement for infrastructure construction and engineering construction businesses, and greige cloth, dyeing materials and energy for textiles business, which constitutes a significant portion of the Group's payments to its contractors, may fluctuate. Any increase in the cost of raw materials may result in additional costs to the Group and may lead to increases in contract costs in the future. Raw material costs have fluctuated in recent years. Any increase in the cost of any significant raw materials will materially and adversely impact the Group's overall costs, which may pose an adverse effect on the profitability of the Group.

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

Projects that the Group undertakes typically require substantial capital expenditures, especially under the private funding method for construction projects during the construction or development phase and can take a substantial period of time to complete. The time taken and the costs involved in completing these projects can be materially and adversely affected by many factors, including shortages of materials, equipment and labour costs, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances, many of which are out of the Group's control. Any of these could give rise to delays in the completion of the Group's projects and may result in liabilities, reduced efficiency and lower financial returns, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

The Group is required to comply with extensive environmental, safety and health laws and regulations and quality control standards and the compliance with which may be onerous or expensive.

The Group is required to comply with extensive environmental, health and safety laws and regulations promulgated by the PRC Government and the governments of other overseas jurisdictions in which it operates, as well as quality control standards. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with the applicable safety regulations or requirements from any governmental authority. If the Group fails to comply with these laws and regulations and industry standards applicable to its operations, it could be subject to suspension of its operations, failed evaluation when the project is delivered for review, substantial penalties, fines, suspension, or revocation of its licences or permits to conduct business, termination of government contracts, administrative proceedings or litigation. Such events could have a material and adverse impact on its business, results of operations, financial condition, and reputation. As these laws and regulations continue to evolve, there can be no assurance that the PRC Government or the governments of other overseas jurisdictions in which the Group has operations will not impose additional or more onerous laws or regulations (such as broadening such regulations to second and third tier cities in the PRC), compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers.

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

The Group's infrastructure construction and engineering construction business involve construction which is exposed to inherent industrial risks as its operations involve the operation of heavy machinery and hazardous chemical substances that could lead to industrial accidents and personal injuries.

The Group from time to time reviews its internal guidance and implements new measures to enhance awareness of employee safety. However, there can be no assurance that accidents will not occur in the future. The Group may be liable for loss of life and property damages, medical expenses, medical leave payments and fines and penalties for violation of applicable PRC laws and regulations if any material industrial accident happens. The Group may also experience interruptions in its operations and may be required to change the manner in which it operates as a result of governmental investigations or the implementation of safety measures due to accidents. Any of the foregoing could adversely affect the business and results of operations of the Group's infrastructure construction and engineering construction business.

The Group is subject to joint venture risks.

The Group has certain equity interests in jointly controlled entities and associated companies. Cooperation and agreement between the Group and its joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iii) experience financial or other difficulties.

Furthermore, the Group may not be able to assert control over the decision-making process and day-to-day management of its joint ventures. Although the Group has not experienced any significant problems with its partners as at the date of this Offering Circular, there can be no assurance that disputes among its partners will not arise in the future that could affect the value of its investments in such joint ventures.

The Group may face unexpected difficulties in expanding into new industries and markets.

To improve the Group's profitability and to diversify potential risks, the Group may grow its operations in industries and markets with potential for deriving favourable returns in Binzhou City. Expansion in these industries and markets carries with it many associated risks, including risks related to the lack of operating experience in such industries and markets, and lack of experienced management and employees to staff such expansion. Expansion may also place excessive pressure on the Group's financial, human and management resources that are otherwise available for the Group's current businesses. In addition, there might be many established incumbent players in these new markets who already enjoy significant market shares and competitive market positions, and it may be difficult for the Group to increase its market share as a new entrant to the market.

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

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

- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

However, some of the above-mentioned operational risks may not be covered by the insurance policies maintained by the contractors of the Group. Even if they are covered by the insurance policies, the claims may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover the costs incurred in the Group's operations related to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that the Issuer or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of the insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

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

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

In addition, the Group's success depends on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the industries in which the Group invests or operates. These

key personnel include members of the Group's senior management, experienced finance professionals, project development and management personnel, and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may not be able to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, such new employees may take time to get accustomed to the standard procedures and may not comply with the standard procedures in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and materially and adversely affect its revenue and financial condition.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting the bribes;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations but may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may generate negative publicity on the Group and as a result have a material adverse effect on its reputation and business.

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

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

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

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

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

The Group may from time to time be involved in disputes with various parties involved in its business, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings, and they may damage the Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's conduct in respect of its operations, the Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects. There can be no assurance that the Group will not be so involved in any major legal or other proceedings in the future which may subject the Group to significant liabilities and may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group operates in multiple segments and this business mix exposes the Group to challenges not faced by companies with a single line of businesses.

The Group has multiple subsidiaries and associated companies operating in a wide range of industries. Through these subsidiaries and associated companies, the Group engages in various business activities, which primarily consist of (i) engineering construction, (ii) textiles, (iii) trading, (iv) real estate, (v) infrastructure construction and (vi) other businesses. 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 businesses to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments. The Group's experience in one business and industry may not be relevant or help it to address the risks and challenges faced in operating a different business in a different industry. It has to devote substantial resources to become familiar with, and monitor changes in, different operating environments. The Group also needs to hire competent talent and professionals with relevant expertise and experience to address the need of its diversified business portfolio. The successful operation of a large number of group companies requires an effective management system that emphasises accountability, imposes financial discipline on each member company and creates value-focused incentives for management. Any failure of the Group to effectively manage its subsidiaries and investee companies and to address the risks and challenges presented by its operations in the relevant business and industries may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

Also, the historical financial information of the Group is sometimes adjusted or restated to address subsequent changes in accounting standards, the accounting policies and/or applicable laws and regulations with retrospective impact on the Group's financial reporting or to reflect the comments provided by the Group's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's historical financial statements and that contained in its future financial statements.

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. See "*Description 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.

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

Facts and other statistics in this Offering Circular relating to China, 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 the Group can guarantee neither the quality nor the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and, therefore, the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes 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 China. 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.

Public corporate disclosure about the Issuer may be limited.

As the Issuer's equity securities are not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies. The Issuer is currently not subject to requirements to produce and maintain public information relating to its business or to publicly publish financial information or other information that would be required if it did have an equity listing in Hong Kong or elsewhere. Whilst requirements will be imposed on the Issuer relating to disclosure of financial information, the disclosure of interests of shareholders and directors in shares and debentures and other information material to investors for the issue of the Bonds, these requirements are not as stringent as those which would apply to a primary or secondary equity listing. The Issuer is also not subject to, and will not become subject to, by virtue of the listing of the Bonds, the requirements that apply to companies with a primary or secondary equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical information available in relation to the Group's business. Accordingly, investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon.

Zhongxinhua Certified Public Accountants LLP, the Issuer's independent auditor, has received adverse regulatory investigations and/or warnings issued by relevant PRC authorities in recent years.

Zhongxinhua Certified Public Accountants LLP, the Issuer's independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and CSRC. Zhongxinhua Certified Public Accountants LLP and certain of its auditors have previously received several warning letters and regulatory or administrative penalties issued by CSRC (the "Zhongxinhua Regulatory Matters").

Zhongxinhua Certified Public Accountants LLP has confirmed to the Joint Lead Managers and the Issuer that the audit personnel who are participating or have participated in the audit or review of the Issuer's financial statements were not the subject of, or involved in, the Zhongxinhua Regulatory Matters. Zhongxinhua Certified Public Accountants LLP has also confirmed that it is qualified to provide audit services under applicable laws, rules and guidelines. Zhongxinhua Certified Public Accountants LLP has further confirmed that its auditing work for the Issuer and the Group, its registration as an accounting firm, its ability to provide comfort letters and the qualification of the auditors participating in this offering, are not affected by the Zhongxinhua Regulatory Matters.

However, there is no assurance that these regulatory actions would not subject Zhongxinghua Certified Public Accountants LLP or any of its management, officers or employees to further sanctions imposed by other PRC authorities or suspension of business operations by CSRC.

RISKS RELATING TO THE PRC

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

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC.

The Group's business, financial condition, results of operations and prospects could be adversely affected by slowdowns in the Chinese economy.

The Group primarily engages in the infrastructure construction, engineering construction, trading, textiles and real estate business within Binzhou City and a substantial portion of the Group's revenue is derived from the PRC. The Group relies, to a significant degree, on domestic demand in the housing and trading to achieve revenue growth. Such domestic demand is materially affected by industrial development, growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the Chinese economy. Since 2015, the PRC government has adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. As a consequence of these reforms and the overall instability in the recovery of the global economy, the year-on-year rate of gross domestic product ("GDP") growth in the PRC has generally been slower in the past several years after three decades of rapid growth.

Rapid economic growth can lead to growth in money supply and inflation. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. However, China has experienced a slowdown of its economic development in recent years and the future performance of its economy is uncertain. Recently, there have been growing concerns about the volatility of the economy and the adjustments of fiscal policies in the PRC. The PRC government has taken monetary and regulatory measures to stabilise the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. Any further tightening of liquidity in the global financial markets may in the future negatively affect the Group's liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

The continuing effects of reform in the PRC and the sovereign debt crisis in Europe may have an adverse effect on the global and PRC economies resulting in ongoing uncertainty for their overall prospects in the coming years. Any slowdown of the PRC economy may create a credit-tightening environment, increase the Group's financing costs, negatively affect the PRC government's fiscal income and investment in fixed assets or reduce government subsidies to the Group, resulting in a material adverse effect on its business, financial condition, results of operations and prospects.

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

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;
- growth rate;
- foreign exchange;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 40 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect the Group's operations. For example, the Group's financial condition and results of operations may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations that are applicable to the Group. The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past four decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Issuer believes these reforms will have a positive effect on the Group's overall and long-term development, it cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies could have any adverse effect on the Group's current or future business, results of operations or financial condition.

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

Economic growth in the PRC has also historically been accompanied by periods of high inflation. Increasing inflationary rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. The Group can give no assurance that inflation rates will not continue to increase in the future. If inflation rates rise beyond the Group's expectations, the costs of its business operations, including wages and employee benefits, may become significantly higher than it has anticipated, and it may be unable to pass on such higher costs to consumers in amounts that are sufficient to cover those increased operating costs. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's business and results of operations, as well as its liquidity and profitability.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in 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 adversely affect the Group's businesses, financial condition or results of operations.

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

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. 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 a retroactive effect.

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

The Terms and Conditions of the Bonds and the transaction documents are governed by English law and the Issuer has submitted to the exclusive jurisdiction of the Hong Kong courts. However, most companies in the Group are incorporated in the PRC and a substantial amount of the Group's assets and companies are located in the PRC. Further, most of the Group's management reside in the PRC, together with their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside the PRC upon the Group or its management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and 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"**). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the **"Judicial Interpretation"**). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

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 Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the

Mainland considers that the recognition and enforcement of such judgment is manifestly contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People's Courts of the Mainland will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

The PRC Government's control over foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, RMB still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, the Group will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of other competent authorities including the NDRC and Ministry of Commerce of the PRC.

In addition, any insufficiency of foreign exchange may restrict the Group's ability to obtain sufficient foreign exchange to satisfy any other foreign exchange requirements. If the Group fails to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, its capital expenditure plans, and even the business, operating results and financial condition of the Group, may be materially adversely affected.

Certain PRC regulations governing PRC companies may be different from those applicable to companies incorporated in other developed jurisdictions.

Most of the Group's members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions. In addition, any control which the Group has over any PRC entities within the Group and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other developed jurisdictions.

The Group's labour costs may increase for reasons such as the implementation of the Labour Contract Law of the PRC or inflation in the PRC.

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the "Labour Contract Law") became effective on 1 January 2008 in the PRC and was amended on 28 December 2012 which took effect from 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the Labour Contract Law. In

addition, unless otherwise prohibited by the Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employee (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the Labour Contract Law and the Regulations on Paid Annual Leave for Employees, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products is likely to increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

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 primarily through its operating subsidiaries in the PRC. The PRC laws require that dividends be paid only out of distributable after-tax profits, after recovery of accumulated losses, calculated according to the PRC accounting principles, which differs from generally accepted accounting principles in other jurisdictions. In addition, the PRC laws require companies to recover accumulated losses and set aside a portion of their after-tax profits as statutory reserves 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.

RISKS RELATING TO THE BONDS

The Bonds will be unsecured obligations.

The Bonds will be unsecured obligations of the Issuer. The repayment of the Bonds may be adversely affected if:

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

- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices;
- 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.

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 (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowings and (3) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The Bonds will be redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer as to whether or not payments on the Bonds may be made without deduction or withholding of PRC taxes if the Issuer is treated as a PRC tax resident enterprise. Although pursuant to the Terms and Conditions of the Bonds, the Issuer is required to gross up payments in respect of the Bonds on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Bonds at any time in the event it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or, any subdivision or authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC or any subdivision or authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 October 2026.

The Issuer may not be able to meet its outstanding obligations under the Bonds.

The Issuer, may (and at maturity, will) be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by or on behalf of the Issuer may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent 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 the Issuer may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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, Hong Kong courts may require certain additional procedures to be taken.

Under the 2019 Arrangement, judgments of Hong Kong courts may be recognised and enforced by the PRC courts, subject to the requirements of the 2019 Arrangement, including those concerning the jurisdiction of the Hong Kong court. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the recognition and enforcement of such judgment would manifestly violate the basic principles of PRC law or the public interest of the Mainland. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court in a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments in light of the requirements and grounds for refusal under the 2019 Arrangement. As compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

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

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

Changes in market 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. As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with the fluctuations in interest rates. If the Bondholders propose to sell their Bonds before their maturity, they may receive an offer lower than the amount they have invested.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries, 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, 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 law. Each of the Issuer's subsidiaries is a separate legal entity that has no obligation to pay any amounts due under the Bonds or make any funds available therefor whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is a creditor 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, and any subsidiaries that the Issuer may in the future acquire or establish.

The Bonds will be the Issuer's unsecured obligations, and will (i) at all times rank at least *pari passu* in right of payment with all the Issuer's other present and future unsecured indebtedness other than any such indebtedness preferred by law; (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 be prior with respect to those assets. In the event of (1) the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up proceedings, or (2) a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness, or (3) upon any acceleration of any of the Issuer's indebtedness, 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, thus the repayment may be compromised. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's other unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all such creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

Income or gains from the Bonds may be subject to income tax or VAT under PRC tax laws.

Under the EIT Law and its implementation rules, any income or gains realised by non-resident enterprises may be subject to PRC enterprise income tax if such income or gains are regarded as 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. Since the Issuer is incorporated in the PRC, the Issuer is a PRC tax resident enterprise by the PRC tax authorities. Interest paid on the Bonds will be considered to be PRC sourced, and the Issuer shall be required to withhold income tax at a rate of 10 per cent. from payments of interest in respect of the Bonds to any non-resident enterprise Bondholders, unless a tax treaty applies. Any capital gain realised by a non-resident enterprise from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly may be subject to a PRC tax of up to 10 per cent. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which was promulgated on 21 August 2006, the Issuer will be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Bonds to the holders that are Hong Kong resident enterprises and meet the beneficial ownership qualification, and Bondholders who are Hong Kong residents, including both

enterprise Bondholders and individual Bondholders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bond. Similarly, pursuant to the Individual Income Tax Law of the PRC and its implementation regulations, the payment of interests is regarded as being derived from sources within the PRC, and the Issuer will be obliged to withhold such individual income tax on payments of interests to non-resident individual Bondholders at a rate of 20 per cent. Any capital gain realised by a non-resident individual Bondholder from transfer of the Bonds may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent.

On 23 March 2016, the MOF and SAT issued the Circular of Full Implementation of Business Tax to VAT Reform Caishui [2016] No. 36 (“**Circular 36**”), which introduced a new VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. It is likely that the provision of loans to the Issuer could be considered as financial services provided within the PRC, which thus could be subject to VAT. Therefore, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT. Under the Value-Added Tax Law of the PRC (the “**VAT Law**”) and its implementation regulations, both of which came into effect on 1 January 2026, financial services supplied within the PRC may be subject to VAT. If interest paid on the Bonds to Bondholders located outside the PRC is regarded as consideration for financial services consumed within the PRC, such interest may be subject to VAT. In such circumstances, the Issuer may be required to withhold and pay VAT on the interest paid to such Bondholders in accordance with applicable PRC law. If the Issuer pays interest income to Bondholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT from the payment of interest income to Bondholders who are located outside of the PRC.

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

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

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

The Terms and Conditions of the Bonds will provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Bonds, the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed and/or the Agency Agreement that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of the Bonds, the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable. The Trustee may request and conclusively rely without investigation or verification upon any certificate signed by an Authorised Signatory of the Issuer and/or an opinion of counsel concerning the compliance with the above conditions in respect of any such modification, authorisation or waiver.

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

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

If the Issuer fails to complete the Foreign Debt Registration in connection with the Bonds within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Bonds and the Issuer may be subject to administrative penalties.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "Foreign Debt Registration Measures") and its operating guidelines, effective as of 13 May 2013 and as amended on 4 May 2015, the debtor shall submit foreign debt registration when borrowing foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks ("Non-Bank Debtors"), they shall submit filing or registration procedures of foreign debts with the local counterparts of SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with Foreign Debt Registration Measures, Non-Bank Debtors shall complete foreign debt registration procedure within 15 working days after execution of related deeds of foreign debts. In addition, the PBOC issued the Cross Border Financing Circular and which came into effect on 12 January 2017. SAFE issued the Guidelines for the Foreign Exchange Operations on Capital Projects (2024 edition) (國家外匯管理局綜合司關於印發《資本項目外匯業務指引(2024年版)》的通知). The Issuer understands from consultation with local SAFE that the aforementioned circular and guidelines will be applicable to the issue of the Bonds. Pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Thus, before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the issue of the Bonds into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. In the unlikely event that the Issuer is unable to complete such registration within the relevant time period, Bondholders will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, if the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgements obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected.

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

The Bonds will be represented initially by beneficial interests in the Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary

Authority as operator of the CMU. Beneficial interests in the Global Certificates will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of its direct account holders having interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the Clearing System for distribution to their account holders.

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

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

The Issuer may not be able to raise the funds necessary to finance the purchase of Bonds upon occurrence of a Relevant Event.

Following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), Bondholders may require the Issuer to redeem their Bonds. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events*”. The source of funds for any such redemption would be the Group’s available cash or third-party financing. However, there is no assurance that the Issuer would have sufficient funds at that time to make the required redemption of the Bonds. In addition, agreements to which the Issuer is a party at that time may restrict or prohibit such a payment. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay or redeem tendered Bonds by the Issuer may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group’s other indebtedness.

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

As the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer 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 Trustee may request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including, without limitation, giving of notice to the Issuer pursuant to Condition 9 of the Terms and Conditions of the Bonds and taking steps and/or actions and/or instituting enforcement proceedings pursuant to Condition 13 of the Terms and Conditions of the Bonds, the Trustee may, at its sole and absolute discretion, request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any step and/or action or institute any proceeding on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or

institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

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

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

Any failure to complete the relevant filings under Order 56 within the prescribed timeframes following the completion of the issue of the Bonds may have adverse consequences on the Issuer and/or the investors of the Bonds.

According to Order 56, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities or medium to long term loans issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans. Obligations under Order 56 include: (i) the filing with the National Development and Reform Commission of the PRC or its local counterparts (the “NDRC”) the requisite offering information and the issue details of the Bonds (the “NDRC Post-issue Filing”) within ten Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date; and (ii) comply with the continuing reporting obligations within the prescribed timeframes in accordance with Order 56. The Issuer has made an application for the pre-issue registration (the “Pre-Issue Registration”) in relation to the Bonds with the NDRC in accordance with Order 56, and has received the Certificate of Examination and Registration of Foreign Debts Borrowed (企業借用外債審核登記證明) (the “NDRC Certificate”) dated 8 September 2026 from the NDRC in connection with the Pre-Issue Registration.

With respect to conducts in violation of Order 56, legal liabilities and consequences to enterprises borrowing foreign debts have been stipulated in Order 56. If any enterprise borrows foreign debts in violation of Order 56, the NDRC will take disciplinary actions such as holding an interview and giving a public warning against the relevant enterprise and its principal liable person. If any application documents to apply for foreign debt approval submitted by enterprises contain concealing, false record, misleading statement, or material omission, the NDRC will give a warning to relevant enterprise and its principal liable person. If the approval is obtained by concealment, deception, bribery, or any other improper means, such approval will be revoked. For any enterprise failing to comply with filing and reporting requirements under 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 (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

As new regulation, Order 56 and the NDRC Certificate will be subject to interpretation and application by the relevant PRC authorities, and it remains unclear what impact non-compliance will have on the legality, enforceability and validity of the Bonds.

The PRC government has no legal obligations under the Bonds.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23 and Circular 706. Both circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

The Binzhou SASAC, as the controlling shareholder of the Issuer, only has limited liability in the form of its equity contribution in the Issuer. As such, the Binzhou SASAC does not have any payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

Government data such as GDP included in this Offering Circular is solely for the purpose to show the level of economic development in Shandong Province and Binzhou City where substantially all of the Group's business operations and investments are located. Such data should not be construed as representing that the Bondholders have any recourse to the PRC government for payments under the Bonds.

Investors should base their investment decision on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds based on the Group's own financial information reflected in its financial statements.

An active trading market for the Bonds may not develop.

There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time. Although application will be made for the listing of, and permission to deal in, the Bonds on the SEHK, no assurance can be given as to the liquidity of, or trading market for, the Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

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

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

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

financial crisis of 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.

RISKS RELATING TO RENMINBI-DENOMINATED BONDS

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of 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 the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

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

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

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

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

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore

inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

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

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

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

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

Investment in the Bonds is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. The Issuer will make all payments of interest and principal with respect to the Bonds in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Bonds entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. Accordingly, the value of the investment made by a holder of the Bonds in that foreign currency will decline.

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

All payments to investors in respect of the Bonds will be made solely (i) for so long as the Bonds are represented by a global certificate registered in the name of and lodged with a sub-custodian for the HKMA as operator of the CMU, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures or (ii) for so long as the Bonds are in definitive form, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. The Issuer is not required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

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

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

Investment in the Bonds is subject to interest rate risks

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

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

TERMS AND CONDITIONS OF THE BONDS

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

The issue of the CNY346,500,000 2.7 per cent. bonds due 2029 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司) (the “**Issuer**”) passed on 23 January 2026 and the shareholders’ resolution of the Issuer passed on 10 February 2026. The Bonds are constituted by a trust deed (the “**Trust Deed**”) dated 27 October 2026 between the Issuer and The Bank of New York Mellon, Hong Kong Branch (the “**Trustee**”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds.

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. An agency agreement (the “**Agency Agreement**”) dated 27 October 2026 relating to the Bonds has been entered into between the Issuer, the Trustee, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression shall include any successor CMU lodging and paying agent appointed from time to time), The Bank of New York Mellon, Hong Kong Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any successor or additional transfer agents appointed from time to time in connection with the Bonds), and any other agents named in it. References herein to “**Paying Agents**” means any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and includes the CMU Lodging and Paying Agent, and “**Agents**” means the CMU Lodging and Paying Agent, any other Paying Agent(s), the Registrar, the Transfer Agent(s) and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors.

So long as any of the Bonds are outstanding, copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) at the principal office of the Trustee, being as at 27 October 2026 (the “**Issue Date**”) at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong, and at the specified office for the time being of the CMU Lodging and Paying Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the CMU Lodging and Paying Agent. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (these “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 Form, Denomination and Title

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

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

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except

as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**”, “**holder of the Bonds**” or, in respect of a Bond, “**holder**” mean 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**”). The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.*

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

2 Transfers of Bonds and Delivery of New Certificates

- (a) **Transfer:** A holding of Bonds may, subject to the Agency Agreement and Conditions 2(d) and 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred (which shall be in the Specified Denomination), together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in the Specified Denomination). In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

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

means a day, other than a Saturday or Sunday or public holiday, on which 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).

- (c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or redemption of the Bonds, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice (as defined in Condition 6 (c)) in respect of such Bond has been deposited pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)) or (iv) after notice of redemption has been given pursuant to Condition 6(b).
- (e) **Regulations:** All transfers of Bonds and entries on the Register will be made subject to the detailed 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 expense of the Issuer) by the Registrar at its specified office to any Bondholder at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3 Status

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

4 Covenants

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), 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 (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
- (b) **Undertakings relating to the Foreign Debt Registration:** The Issuer undertakes to file or cause to be filed with the State Administration of Foreign Exchange or its local counterparts ("SAFE"), the Bonds, within the timeframe prescribed by, and in accordance with, (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) which came

into effect on 13 May 2013 and as amended on 4 May 2015, and its operating guidelines issued by SAFE and (ii) the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be, from time to time ("**Foreign Debt Registration**"). The Issuer shall use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration) on or before the Registration Deadline, and comply with all applicable PRC laws and regulations in relation to the Foreign Debt Registration. For the avoidance of doubt, the Issuer shall be treated as having completed the Foreign Debt Registration if the SAFE Registration Documents (as defined in Condition 4(d)(i)) are provided to the Trustee before the Registration Deadline.

- (c) **Undertakings relating to NDRC:** The Issuer undertakes that it will (i) within ten Registration Business Days after the Issue Date, file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**") the requisite offering information and the issue details of the Bonds (the "**NDRC Post-issue Filing**") in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)) ("**Order 56**") issued by the NDRC effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time; and (ii) comply with the continuing reporting obligations within the prescribed timeframes in accordance with Order 56 issued by the NDRC effective from 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

- (d) **Notification of Completion of the Foreign Debt Registration and the NDRC Post-issue Filing:**

The Issuer shall:

- (i) before the Registration Deadline and within ten Registration Business Days after receipt by the Issuer of the registration certificate from SAFE (or any other document evidencing the completion of registration of the Bonds with SAFE), provide the Trustee with (x) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) confirming the completion of the Foreign Debt Registration; and (y) copies of the SAFE Registration Documents (each certified in English as a true and complete copy of the original by an Authorised Signatory) (the certificate and documents in (x) and (y) of this Condition 4(d)(i) being the "**SAFE Registration Documents**"). In addition, the Issuer shall, within ten Registration Business Days after the SAFE Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Foreign Debt Registration; and
- (ii) before the Registration Deadline and within ten Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with (x) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing, and (y) copies of any document(s) evidencing due filing with the NDRC (each certified in English as a true and complete copy of the original by an Authorised Signatory) (the certificate and

documents in (x) and (y) of this Condition 4(d)(ii) being the “**NDRC Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the NDRC Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing;

The Trustee may rely conclusively on the SAFE Registration Documents and the NDRC Registration Documents and shall have no obligation or duty to monitor, assist with or ensure the registration of the Bonds with SAFE or the submission of the NDRC Post-issue Filing, as the case may be, or to verify the accuracy, validity, completeness, content and/or genuineness of the SAFE Registration Documents or the NDRC Registration Documents or any other documents in relation to or in connection with the Foreign Debt Registration or the NDRC Post-issue Filing or any translation or certification thereof or to procure that any Registration Document or any other certificate, confirmation, information or other document not in English is translated into English or to verify the accuracy of any English translation of any certificate, confirmation or other document (if any) or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration or the NDRC Post-issue Filing, and the Trustee shall not be liable to the Issuer, Bondholders or any other person for not doing so.

- (e) **Financial Statements:** So long as any Bond remains outstanding, the Issuer shall furnish the Trustee with:
- (i) a copy of the Audited Financial Reports in the English language within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants) of the Issuer and its Subsidiaries and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory certifying that such translation is complete and accurate; and
 - (ii) a copy of the Unaudited Semi-Annual Financial Reports on a basis consistent with the Audited Financial Reports in the English language within 120 days of the end of each Relevant Period and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; and
 - (iii) a Compliance Certificate (on which the Trustee may rely conclusively without investigation or verification as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) (A) at the same time as providing the copy of the Audited Financial Reports as set out in Condition 4(e)(i) above and (B) within 14 days of any written request by the Trustee.

The Trustee shall not be required to review the Audited Financial Reports, the Unaudited Semi-Annual 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 language translation of the same or to verify the accuracy or completeness of any English translation, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

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

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

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

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

“PRC” means the People’s Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, 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 150 calendar days after the Issue Date;

“Relevant Indebtedness” means any present or future indebtedness incurred outside the PRC which (i) is in the form of, or represented or evidenced by, any bond, note, debenture, debenture stock, loan stock or other securities, and which (ii) for the time being is, or is intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market. For the avoidance of doubt, “Relevant Indebtedness” does not include any loans borrowed from financial institutions or corporates;

“Relevant Period” means, in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer’s financial year (being 31 December of that financial year) and, in relation to the Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Issuer’s financial year (being 30 June of that financial year);

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

generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

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

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.7 per cent. per annum, payable semi-annually in arrear on 27 April and 27 October in each year (each an **“Interest Payment Date”**) commencing on 27 April 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.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven days after the Trustee or the CMU Lodging and Paying Agent has notified Bondholders in accordance with Condition 16 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 Bondholder 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 is 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 CNY0.01 (CNY0.005 being rounded upwards).

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

*For so long as any of 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 at the relevant time shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an **“accountholder”**). 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, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, accountholders, the indirect participants or any other person in respect of any such payment.*

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 October 2029 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders 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 interest accrued to, but excluding, 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 defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 October 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 publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate of the Issuer signed by any Authorised Signatory 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 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 on such certificate and opinion without investigation or verification as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to the Issuer, any Bondholder or any other person for accepting and relying on any such certificate or opinion.

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

- (c) **Redemption for Relevant Events:** At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together, in each case, with interest accrued to, but excluding, such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the 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 the CMU Lodging and Paying Agent or any other Paying Agent (a “**Put Exercise Notice**”), together with the Certificate representing the Bonds to be redeemed by not later

than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The “**Put Settlement Date**” shall be the fourteenth day (in the case of a redemption for a Change of Control) or the 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 and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the CMU Lodging and Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify (i) the Put Settlement Date; (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or the No Registration Event; (iii) the date by which the Put Exercise Notice must be given; (iv) the redemption amount and the method by which such amount will be paid; (v) the names and addresses of all Paying Agents; (vi) the procedures for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c) and the requirements that holders must satisfy; 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 whether a Change of Control or a No Registration Event or any event which could lead to the occurrence of a Change of Control or a No Registration Event has occurred or may occur, and none of them shall be liable to Bondholders or any other person for not doing so. Unless it has received express notice pursuant to this Condition 6(c), the Trustee shall be entitled to assume that no Change of Control or No Registration Event or any event which could lead to the occurrence of a Change of Control or a No Registration Event has occurred.

In this Condition 6:

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

- (i) the State-owned Assets Supervision and Administration Commission of Binzhou City People’s Government (濱州市人民政府國有資產監督管理委員會), Shandong Province Finance Department of the PRC (山東省財政廳), Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司), Shandong Provincial People’s Government (山東省人民政府) and any other person directly or indirectly wholly-owned by the central government of the PRC (together, 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 or sells or transfers all or substantially all of its assets to any other person or persons, except where such person(s) (in the case of an asset sale or transfer) or the surviving entity (in the case of a consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by the PRC Government Persons;

a “**No Registration Event**” occurs when the Registration Conditions are not 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);

“**Registration Conditions**” means the receipt by the Trustee of the SAFE Registration Documents and the NDRC Registration Documents; and

a “**Relevant Event**” means a Change of Control or a No Registration Event.

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

- (d) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date 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.
- (e) **Purchase:** The Issuer and 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 Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (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 holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. For the purposes of this Condition 7, a Bondholder’s “**registered account**” means the Renminbi account maintained by or on behalf of such Bondholder with a bank, the details of which appear on the Register.

For so long as any of the Bonds are represented by the Global Certificate, payment of interest, premium or principal will be made to the person(s) for whose account(s) interests in the Global Certificate are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the Operator. Such payment made in accordance therewith shall

discharge the Issuer's obligations in respect of that payment. 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.

- (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.
- (b) **Payments subject to Fiscal Laws:** All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the CMU Lodging and Paying Agent is open for business and on 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 approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Paying Agents and/or Transfer Agents, provided that the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, and (iii) a Transfer Agent, as approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer 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 if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (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 (if surrender of the relevant Certificate is required) the relevant place of presentation.

8 Taxation

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 21 October 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 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 in excess of Applicable Rate, then 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 or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or
- (ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented 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 (as if such last day were a Payment Business Day).

“**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 the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

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 and/or the Bonds.

Neither the Trustee nor any Agent shall in any event be responsible (A) for paying any taxes, duties, assessments, governmental charges, withholding or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts

are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Bondholders or any other person to pay such taxes, duties, assessments, governmental charges, withholding or other payment in any jurisdiction or (B) for providing any notice or information to the Trustee, any Agent or any other person that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any taxes, duties, assessments, governmental charges, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice 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:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or premium (if any) of any of the Bonds when due or (ii) any interest on any of the Bonds when due and such failure to pay interest continues for a period of seven days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed, which default is incapable of remedy or, if such default is capable of remedy, such default is not remedied within 30 days after notice in writing 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 (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or 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 U.S.\$20,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries in respect of all or a 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 is not discharged or stayed within 45 days; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its

debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its 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 of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a voluntary solvent winding-up or dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary of the Issuer, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries or (ii) a disposal on an arm's length basis where the assets (whether in case or otherwise) resulting from such disposal are vested in the Issuer or any of its Subsidiaries; or
- (h) **Nationalisation:** (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 of its Principal Subsidiaries or (ii) the Issuer or any of its 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) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer 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 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(a) to 9(j) (both inclusive).

In this Condition 9, "**Principal Subsidiary**" of a person means any Subsidiary of the Issuer:

- (a) whose revenue or consolidated revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited income statement, is at least five per cent. of the total revenue as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of revenue of each direct or indirect investee of the Issuer not consolidated with the audited consolidated accounts of the Issuer and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests;
- (b) whose profit or consolidated profit (in each case before taxation and exceptional items) (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its

latest audited income statement, is at least five per cent. of the sum of (x) total consolidated profit (before taxation and exceptional items) as shown by the latest published audited consolidated income statement of the Issuer and (y) the Issuer and its consolidated Subsidiaries' share of profits of each direct or indirect investee of the Issuer not consolidated with the audited consolidated accounts of the Issuer and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests;

- (c) whose total assets or consolidated total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited balance sheet, are at least five per cent. of the sum of (x) the total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and (y) the Issuer and its consolidated Subsidiaries' share of the assets of each direct or indirect investee of the Issuer whose accounts are not consolidated with the audited consolidated accounts of the Issuer and its Subsidiaries and of jointly controlled entities and after adjustments for minority interests,

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer 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 of the Issuer 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 of the Issuer which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if the accounts of any Subsidiary of the Issuer (not being a Subsidiary of the Issuer referred to in proviso (A) above of this definition) 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 available) with the pro forma consolidated accounts (determined on the basis of the foregoing) of the Issuer;
- (C) in relation to any Subsidiary of the Issuer, each reference in proviso (A) or (B) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any director of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary; and
- (D) if a Subsidiary of the Issuer to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, provided that (x) 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 (y) 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.

A certificate signed by an Authorised Signatory certifying that, in the opinion of the Issuer a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest

error, be conclusive and binding on the Bondholders and all parties. Any such certificate will, if requested by the Trustee, be accompanied by a report by a nationally recognised firm of independent accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries and the mathematical accuracy of the calculation.

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 any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification and Waiver

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds 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 will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding 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 resolution.

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Bonds, these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement, that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of the Bonds, these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable. The Trustee may request and conclusively rely without investigation or verification upon any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning the compliance with the above conditions in respect of any such modification, authorisation or waiver.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, duties, 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 consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its 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 and the Bonds but it need not take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds 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 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation provisions relieving it from taking any steps and/or actions and/or instituting any proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of Bondholders. The Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Bondholders, the Issuer or any other person on any report, confirmation or certificate or information from or any advice or opinion of any legal

counsel, accountants, financial advisers, financial institution or any other expert or adviser, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. Any such report, confirmation, certificate, information, advice or opinion relied upon by the Trustee shall be binding on the Issuer and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, these Conditions and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible or liable 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 such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Neither the Trustee nor the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or may occur or to monitor the performance or compliance of the Issuer in the fulfilment of its obligations under the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Neither the Trustee nor the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on its part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of 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 no Bondholder shall rely on the Trustee in respect thereof.

15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the Issue Date, the first payment of interest on them and the timing for making and completing the Foreign Debt Registration and the NDRC Post-issue Filing and the related notifications to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds). References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

16 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a

Sunday) after the date of mailing. Notices to the holders of the Bonds shall also be published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of the Operator, any notice to the holders of the Bonds may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by the Conditions. 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 or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed or the Agency Agreement (“**Proceedings**”) may be brought to such courts. Each of the Issuer, the Trustee and the Agents has irrevocably submitted to the exclusive jurisdiction of such courts.
- (c) **Agent for Service of Process:** The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong as its authorised agent in Hong Kong to accept service of process in any Proceedings based on any of the Bonds, the Trust Deed or the Agency Agreement. 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 14 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 waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which will 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 initially by beneficial interests in the Global Certificate in registered form which will be deposited with or a sub-custodian for the HKMA as operator of the CMU.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal and interest on the Bonds to the holders 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 other 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. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Bondholders. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such Bondholder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Payment

Payments of interest, premium or principal shall be made to the CMU which will credit the same in accordance with the CMU Rules to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an “**accountholder**”) at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment. For the purposes of this paragraph, “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

Notwithstanding the provisions of the preceding paragraph, for so long as the Global Certificate is held by or on behalf of the CMU Operator, payments of interest or principal by the CMU Lodging and Paying Agent or the CMU Operator to the person for whose account a relevant interest in the Global Certificate is credited as being held by the CMU at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Operator in a relevant CMU Issue Position Report or any other relevant notification by the CMU Operator shall discharge the obligations of the Issuer in respect of that payment. Any payments by the CMU participants to indirect participants shall 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 shall be the sole responsibility of such CMU participants and the Issuer, the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no obligation or liability in connection therewith. For these purposes, a notification from the CMU Operator shall be conclusive evidence of records of the CMU (save in the case of manifest error). Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.

Trustee's Powers

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and

(b) consider such interests on the basis that such accountholders were the Bondholders in respect of which the Global Certificate is issued.

Notices

Notices required to be given in respect of the Bonds represented by the Global Certificate may be given by them being delivered (so long as this Global Certificate is held on behalf of the CMU) to each accountholder via the CMU, rather than by mailing to the addresses in the Register as required by the Terms and Conditions of the Bonds, and any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to the CMU.

Transfers

Transfers of interests in the Bonds will be effected through the records of the CMU (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of the CMU (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

Cancellation of any Bond following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders.

Meetings

For the purposes of any meeting of Bondholders, the Bondholder represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Bonds.

Bondholder's Redemption

The Bondholder's redemption options 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 the Terms and Conditions of the Bonds.

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 the Terms and Conditions of the Bonds.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds, will be approximately CNY346,500,000. After deducting the estimated fees and expenses payable in connection with this offering, the Issuer intends to use the proceeds from this offering for repayment of the principal of the medium and long term offshore indebtedness maturing in November 2026 in accordance with the NDRC Certificate.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total owner's equity and total capitalisation of the Group as at 31 December 2025 (i) on an actual basis and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds.

The summary consolidated financial information below should be read in conjunction with the 2025 Audited Consolidated Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 31 December 2025	
	Actual	As adjusted
	(CNY)	(CNY)
	<i>(in millions)</i>	
Current indebtedness		
Short-term borrowings	2,950.0	2,950.0
Non-current liabilities due within one year	3,918.5	3,918.5
Total current indebtedness	6,868.5	6,868.50
Non-current indebtedness		
Long-term borrowing	10,693.8	10,693.8
Bonds payable	7,618.2	7,618.2
Long-term payables	1,394.7	1,394.7
Bonds to be issued ⁽¹⁾	—	346.5
Total non-current indebtedness	19,706.7	20,053.2
Total indebtedness⁽²⁾	26,575.2	26,921.7
Total equity	26,237.1	26,237.1
Total capitalisation⁽³⁾	52,812.3	53,158.8

Notes:

- (1) This amount represents the aggregate principal amount of the Bonds to be issued.
- (2) Total indebtedness equals to the sum of total current indebtedness and total non-current indebtedness.
- (3) Total capitalisation equals to the sum of total indebtedness and total equity.

The Group may, from time to time, enter into bank loans and other financing arrangements and issue debt securities in the capital market in the ordinary course of business to finance its operations and existing debt.

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

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer was established in September 2021 with an initial registered capital of RMB10 million contributed by Binzhou Caijin Investment Group Co., Ltd (濱州市財金投資集團有限公司). As at the date of this Offering Circular, the majority shareholder of the Issuer is Binzhou SASAC, which holds 85.0 per cent. of the Issuer's equity interest, whereas the remaining 15.0 per cent. is held by Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司). As at the date of the Offering Circular, the registered capital of the Issuer is RMB1.5 billion. The Group is the primary entity tasked with the operation and management of state-owned assets in Binzhou City. Since its establishment, the Issuer has focused on five major business segments, namely engineering construction, textiles, trading, real estate and infrastructure construction.

The Group primarily conducts its business within Binzhou City. For the years ended 31 December 2023, 2024 and 2025, according to the Binzhou City Statistics Bureau (濱州市統計局), the GDP of Binzhou City amounted to approximately RMB311.9 billion, RMB340.4 billion and RMB355.8 billion, respectively. The Group's commercial expansion and business developments benefit from the continuous economic development of Binzhou City. Binzhou City is located in the lower reaches of the Yellow River Delta and abundant in natural resources. Situated at the tail of the Yellow River Delta, Binzhou City faces Bohai Bay (渤海灣) to the north. It is also conveniently situated in a number of well-recognised development zones, including the Yellow River Delta High-Efficiency Economic Development Zone (黃河三角洲高效生態經濟區), the Shandong Peninsula Blue Economic Zone (山東半島藍色經濟區), the Bohai Economic Circle (環渤海經濟圈) and the Jinan Provincial Capital Economic Circle (濟南省會城市群經濟圈).

Being the core operating entity carrying out urban development activities in Binzhou City, the Group has a diversified business portfolio. The Group's principal business segments are as follows:

Engineering Construction. The Group engages in the engineering construction business mainly through its subsidiary, Shandong Binzhou Urban Construction Group Co., Ltd. (山東濱州城建集團有限公司) ("**Binzhou Urban Construction**"). For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's engineering construction business was approximately RMB2,642.2 million, RMB3,014.1 million and RMB2,362.1 million, respectively, representing approximately 31.8 per cent., 37.0 per cent. and 31.1 per cent. of the Group's total operating income for the same periods, respectively.

Textiles. The Group engages in the textiles business mainly through its subsidiary Huafang Shareholding Co., Ltd. (華紡股份有限公司) ("**Huafang**"). For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's textiles business was approximately RMB2,705.7 million, RMB2,658.4 million and RMB2,878.9 million, respectively, representing approximately 32.5 per cent., 32.6 per cent. and 37.9 per cent. of the Group's total operating income for the same periods, respectively.

Trading. The Group engages in the trading business through its subsidiaries Shandong Yellow River and Shandong Bingang International. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's trading business was approximately RMB1,287.9 million, RMB806.6 million and RMB803.7 million, respectively, representing approximately 15.5 per cent., 9.9 per cent. and 10.6 per cent. of the Group's total operating income for the same periods, respectively.

Real Estate. The Group conducts its real estate business primarily through its wholly owned subsidiary Binzhou Hengxin Real Estate Co., Ltd. (濱州恒信置業有限公司) ("**Binzhou Hengxin**"). For the years ended 31 December 2023, 2024 and 2025, the Group's operating income from its real estate business amounted to approximately RMB856.5 million, RMB248.6 million and RMB199.8 million respectively,

representing approximately 10.3 per cent., 3.0 per cent. and 2.6 per cent. of the Group's total operating income for the same periods, respectively.

Infrastructure Construction. The Group operates the infrastructure construction business primarily through two models, namely agent construction model and public-private partnership (“PPP”) model. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's infrastructure construction business was approximately RMB229.5 million, RMB272.0 million and RMB241.8 million, respectively, representing approximately 2.8 per cent., 3.3 per cent. and 3.2 per cent. of the Group's total operating income for the same periods, respectively.

Other businesses. In addition to the principal business segments, the Group is also engaged in other businesses, including but not limited to, sewage treatment, land leasing, lending of idle funds, grain storage, prevention business and cultural tourism industry business. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's other businesses was approximately RMB596.5 million, RMB973.9 million and RMB1,104.9 million, respectively, representing approximately 7.2 per cent., 11.9 per cent. and 14.6 per cent. of the Group's total operating income for the same periods, respectively.

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

Business Segment	For the years ended 31 December					
	2023		2024		2025	
	Amount (RMB in millions) (Audited)	Per Cent. of Total	Amount (RMB in millions) (Audited)	Per Cent. of Total	Amount (RMB in millions) (Audited)	Per Cent. of Total
Engineering Construction	2,642.2	31.8	3,014.1	37.0	2,362.1	31.1
Textiles	2,705.7	32.5	2,658.4	32.6	2,878.9	37.9
Trading	1,287.9	15.5	806.6	9.9	803.7	10.6
Real Estate	856.5	10.3	248.6	3.0	199.8	2.6
Infrastructure Construction	229.5	2.8	272.0	3.3	241.8	3.2
Other Businesses	596.5	7.2	973.9	11.9	1,104.9	14.6
Total	8,318.3	100.0	8,151.9	100.0	7,591.3	100.0

COMPETITIVE STRENGTHS

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

Well-positioned to leverage the excellent location and rapid economic growth of Binzhou City to achieve business growth.

The Group mainly operates its business activities in Binzhou City. Binzhou City is connected by three expressways (Changshen (長深), Rongwu (榮烏) and Binde (濱德)) and five national and provincial highways including National Highway 205 and Daji Road. Furthermore, the area in which Group operates its business is situated in the Yellow River Delta High-Efficiency Economic Development Zone (黃河三角洲高效生態經濟區) and the Shandong Peninsula Blue Economic Zone (山東半島藍色經濟區) as well as in proximity to the Beijing-Tianjin-Hebei Economic Zone (京津冀經濟區). Leveraging the geographical location and advanced transportation networks, Binzhou City's economy has experienced rapid development in recent years.

The Group is well-positioned to capitalise on the business opportunities presented by the economic development in Binzhou City. As one of the major entities carrying out the management and operation of state-owned assets and the construction of infrastructure in Binzhou City, the Group believes that it has benefited from and will continue to leverage the strategic geographical location and economic development of Binzhou City and the business opportunities that such development brings about.

Strong support from the Binzhou City People’s Government.

As an operating entity with the Binzhou SASAC as its majority shareholder, the Issuer has played an important role in the development of Binzhou City, especially in the field of engineering construction, infrastructure construction, shanty town redevelopment in Binzhou City. Since the establishment of the Issuer, the Group has been received various supports from the Binzhou Government in the form of capital injection, equity transfer and government subsidies. Examples of the support which the Group has received are set out below:

Capital Injection and Equity Transfer. Binzhou SASAC injected capital into the Issuer by increasing its registered capital multiple times and transferred equity interests of companies at nil consideration to the Issuer, significantly strengthening the balance sheet of the Group. See “*Description of the Group — History and Development*” for further information.

Project Contracting. The Group has been entrusted by the Binzhou Government to engage in business segments that are of crucial importance to urban development of Binzhou City, including engineering construction, infrastructure construction and shanty town redevelopment. See “*Description of the Group — Business Segments*” for further information.

Government Subsidies. The Group has received financial support from Binzhou Government. For the years ended 2023, 2024 and 2025, the Group had received government grants of approximately RMB213.6 million, RMB47.5 million and RMB10.9 million, respectively.

The strong and continued support from the local government has greatly enhanced the Group’s business stability and competitiveness and will lay a solid foundation for the future growth of the Group.

Diversified sources of funding and strong credit position.

As the most important infrastructure construction entity in Binzhou City, the Group has access to various sources of funding including bank loans and corporate bonds. In addition to cash generated from its operations, the Group also maintains long-term relationship with a number of banks, such as China Development Bank (國家開發銀行) and Agricultural Development Bank of China (中國農業發展銀行). As at 31 December 2025, the Group had aggregated banking facilities of approximately RMB36.6 billion, of which approximately RMB17.5 billion were unused. As such, the Group believes that it has a robust liquidity position with access to diversified funding sources.

In addition, the Group actively manages its cash flow and continuously access its capital requirements to ensure that it has sufficient funds to meet its existing and future cash flow requirements. The Group’s ability to access diversified source of funding and its strong financing capability have enabled it to fulfil the capital requirements of its businesses and further capitalise on various business opportunities.

Experienced and professional management team with sound corporate governance.

The Group’s success is largely attributable to sound and effective corporate governance and extensive experience, strategic visions and leadership of its directors and senior management team. The directors and members of the senior management team of the Issuer have held key roles in various government authorities prior to joining the Group and therefore have a deep understanding of the economic and

political environment and socioeconomic policy measures implemented by the government. The Group is controlled and closely supervised by Bincheng SASAC. Most of the Issuer's directors and senior management have prior working experience with entities associated or controlled by Binzhou SASAC and Binzhou Government, which ensures alignment of the strategies and interest of the Group with Binzhou Government's policies and development plans. The Group's management team will continue to lead the Group to capture market opportunities, implement the Group's strategies and enhance its leadership position.

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

Continue to capitalise on the tremendous business opportunities arising from the development strategies and economic growth of Binzhou City.

Leveraging the favourable environment brought about by the development strategies and economic growth of Binzhou City, the Group will continue to facilitate the implementation of government policies for the purpose of achieving sustainable growth in Binzhou City. As such, the Group is well-positioned to benefit from the government's development plan and will continue to capitalise on business opportunities arising from the implementation of national and regional development strategies.

Continue to enhance financial management with stringent risk control.

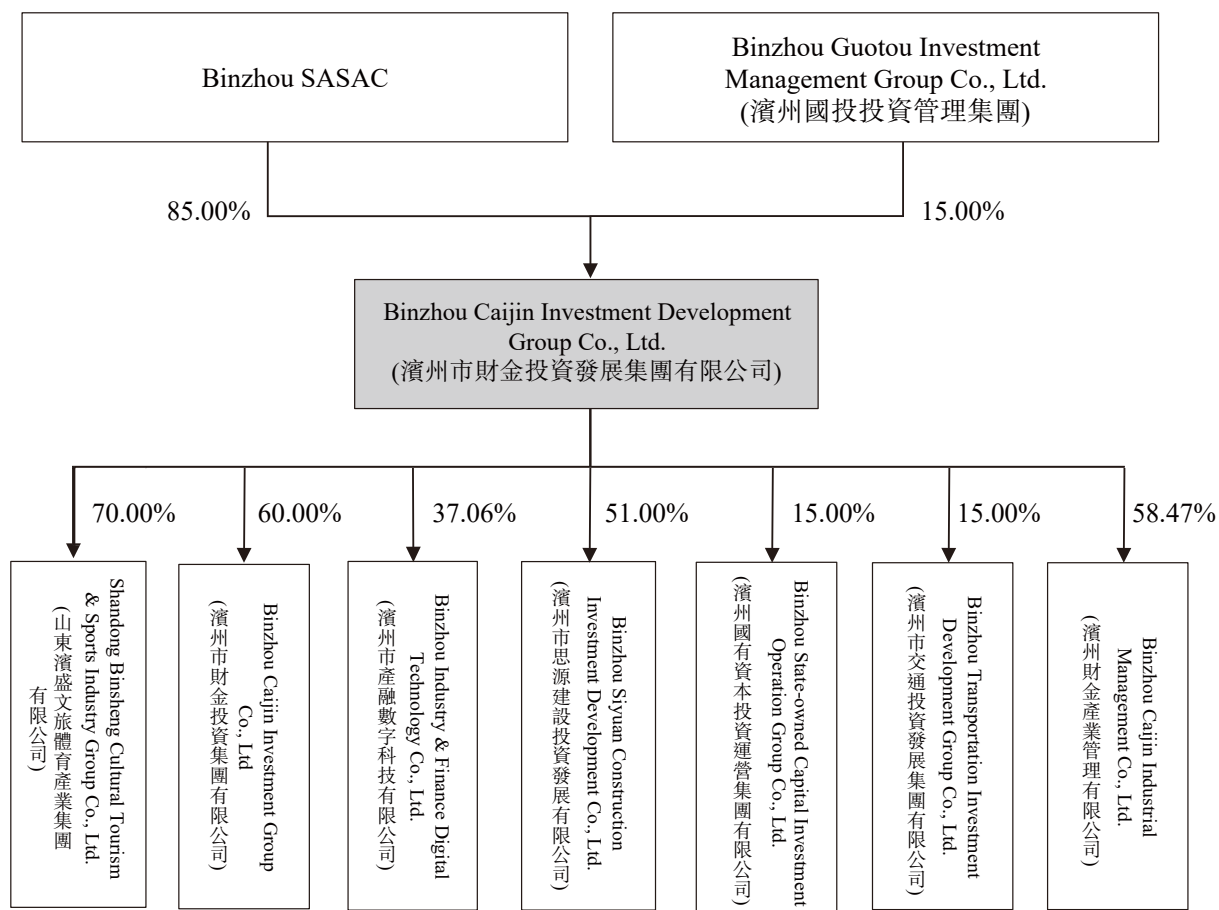
The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement and enhance its financial management system with well-defined policies and procedures. For instance, the Group will continue to strengthen its financial reporting and control system with emphasis on centralised management and administration, consistent control policies, and strict compliance with legal and regulatory requirements. The Group will also continue to implement a standardised capital management mechanism to monitor capital, capital efficiency and capital risk prevention. The Group aims to effectively enhance the performance and efficiency of its overall financial management through implementing a prudent investment policy to strike a balance between assets and liabilities, between investment return and risk taking, and between principal businesses and other ancillary businesses. The Group will strengthen cooperation with banks to seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities.

Continue to acquire high-quality assets in Bincheng District and Binzhou City and to enhance management efficiency.

In order to adhere to its development strategy to diversify the business portfolio, the Group will continue to expand by acquiring high-quality assets or integrating operating platforms in Bincheng District and Binzhou City, with a view to further increasing the capability of the Group in terms of internal management and corporate control. The Group is devoted to management efficiency enhancement and intellectual property management. The Group will continue to build a professional management team with well-qualified and experienced personnel, carrying out regular training so as to enable the Group to continue improving the efficiency of its operations and achieve its strategic goals through the expertise and continuity of the Group's management team. In addition, the Group has adopted a systematic management approach to manage its business in a disciplined manner and will continue improving and streamlining its management structure and internal control systems to control operational and investment risks and enhance the efficiency of its business operations.

CORPORATE STRUCTURE

The following chart illustrates the Group's simplified corporate structure, the purpose of which is to illustrate the holding company of the Issuer and the Issuer's equity interests in its major subsidiaries as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

In September 2021, Binzhou Human Development Group Co., Ltd. (濱州人才發展集團有限公司), the predecessor of the Issuer, was established with an initial registered capital of RMB1,000 million. As at the date of this Offering Circular, Binzhou SASAC and Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司) own 85.0 per cent. and 15.0 per cent. of the Issuer's equity interest, respectively, and the Issuer has a registered capital of approximately RMB1.5 billion.

The following table sets forth selected milestone events in the course of development of the Issuer and the Group:

Month and Year	Milestone Events
September 2021	Binzhou Human Development Group Co., Ltd. (濱州人才發展集團有限公司), the predecessor of the Issuer, was established with an initial registered capital of RMB1,000 million.
October 2024	The Issuer was renamed to Binzhou Caijin Investment Development Group Co., Ltd. (濱州市財金投資發展集團有限公司). Binzhou SASAC transferred to the Issuer at nil consideration 60 per cent. equity interest in Binzhou Caijin Investment Group Co., Ltd (濱州市財金投資集團有限公司), 51 per cent. in Binzhou Siyuan Construction Investment Development Co., Ltd. (濱州市思源建設投資發展有限公司), 70 per cent. in Shandong Binsheng Cultural Tourism and Sports Industry Group Co., Ltd. (山東濱盛文旅體育產業集團有限公司) ("Binsheng Cultural Tourism"), 15 per cent. in Binzhou Transport Investment Development Group Co., Ltd. (濱州市交通投資發展集團有限公司) and Binzhou State-owned Capital Investment Operation Group Co., Ltd. (濱州國有資本投資運營集團有限公司). The registered capital of the Issuer was increased to RMB1.5 billion.
December 2024	Binzhou SASAC transferred 15 per cent. equity interest in the Issuer at nil consideration to Binzhou Guotou Investment Management Group Co., Ltd. (濱州國投投資管理集團有限公司).

BUSINESS SEGMENTS

Overview

The Group has established a diversified business portfolio and is primarily engaged in six business segments, namely (i) engineering construction, (ii) textiles, (iii) trading, (iv) real estate, (v) infrastructure construction and (vi) other businesses. For the years ended 31 December 2023, 2024 and 2025, the total operating income was approximately RMB8,318.3 million, RMB8,151.9 million and RMB7,591.3 million, respectively. The following table sets forth a breakdown of the total operating income generated from each business segment of the Group for the periods indicated:

Business Segment	For the years ended 31 December					
	2023		2024		2025	
	Amount (RMB in millions) (Audited)	Per Cent. of Total	Amount (RMB in millions) (Audited)	Per Cent. of Total	Amount (RMB in millions) (Audited)	Per Cent. of Total
Engineering Construction	2,642.2	31.8	3,014.1	37.0	2,362.1	31.1
Textiles	2,705.7	32.5	2,658.4	32.6	2,878.9	37.9
Trading	1,287.9	15.5	806.6	9.9	803.7	10.6
Real Estate	856.5	10.3	248.6	3.0	199.8	2.6
Infrastructure Construction	229.5	2.8	272.0	3.3	241.8	3.2
Other Businesses	596.5	7.2	973.9	11.9	1,104.9	14.6
Total	8,318.3	100.0	8,151.9	100.0	7,591.3	100.0

Engineering Construction

Overview

The Group engages in the engineering construction business mainly through Binzhou Urban Construction. The Group holds a first-class qualification for general contracting of construction projects and first-class qualification for steel structure, decoration and interior design, mechanical and Electrical installation, and foundation and groundwork. It also holds qualification for construction projects in municipal engineering, fire protection, curtain walls installation, environmental protection, and real estate development. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's engineering construction business was approximately RMB2,642.2 million, RMB3,014.1 million and RMB2,362.1 million, respectively, representing approximately 31.8 per cent., 37.0 per cent. and 31.1 per cent. of the Group's total operating income for the same periods, respectively.

Business Model

The Group's engineering construction projects are secured through open bidding and tendering. The main project types include building construction, with a small portion being municipal engineering construction. Examples of projects undertaken by the Group include the construction of education institutions, medical facilities, factory buildings, renovation of old residential areas, shantytown transformation projects, municipal and landscaping projects. The Group primarily undertakes projects with larger contract amounts and construction periods which are within two years. These projects are government-funded projects within the region, resulting in lower payment risks. The Group also undertakes projects which have a construction period of less than one year and a faster payment schedule, which help alleviate the Group's capital expenditure pressure.

The Group has long-term partnerships with local real estate companies and urban construction companies. The downstream market is diversified, and customer resources are stable, ensuring steady payment for the Group. The Group has a leading industry position within the region. Settlement periods are established based on project construction stages and generally take place within nine months.

Major types of raw materials supplied by upstream suppliers to the Group are cement and steel, among other construction materials. Key upstream suppliers include Shandong Huizhong Caijin Modular Engineering Co., Ltd. (山東惠眾財金裝配式工程有限公司), Binzhou Jinlong Concrete Co., Ltd. (濱州金龍混凝土有限公司) and Shandong Binbo Hangxiao Green Building Technology Co., Ltd. (山東濱博杭蕭綠色建築科技有限公司). The Group primarily acquires construction machinery and equipment through leasing, based on the progress of construction projects. The Group maintains long-term cooperation with local building materials and equipment companies. Settlement methods vary depending on the project, with large-scale purchases being paid based on the agreed procurement quantity after meeting the agreed project standards. Smaller-scale purchases are generally settled in cash upon delivery, with settlement taking place at the agreed warranty period.

Project Description

Completed Projects

As at 31 December 2025, the Group had completed 5 major engineering construction projects with a total investment amount of approximately RMB1,482.3 million.

No.	Project Name	Project Type	Completed Contract Amount	Recognised Revenue	Amount Received
			(RMB in millions)	(RMB in millions)	(RMB in millions)
1.	Binzhou Health and Wellness Vocational College Construction Project (濱州康養職業學院建設項目)	School building construction project	539.5	534.0	451.3
2.	Boxing Zhanxin Industrial Development Co., Ltd. Lubei Intelligent Cold Chain Storage and Transportation Center (博興戰新產業發展有限公司魯北智慧冷鏈儲運中心)	Factory construction project	305.0	291.4	265.8
3.	Library building (including civil defense), restaurant, service center, multifunctional hall steel (圖書館(含人防)、餐廳、服務中心、多功能廳鋼材)	School building construction project	250.0	246.9	206.4
4.	Bincheng District Comprehensive Pipeline Network Construction Project (Phase V) (濱城區綜合管網建設工程(五期)工程)	Municipal facility construction projects	226.2	231.9	131.9
5.	Boxing County Fangyuan Agricultural Products Cold Chain Logistics Project EPC (博興縣方圓農產品冷鏈物流項目EPC)	Factory construction project	161.7	161.5	111.4
Total			1,482.3	1,465.6	1,166.8

Projects under Construction

As at 31 December 2025, the Group had 5 engineering construction projects under construction with a total contracted amount of approximately RMB962.6 million.

No.	Project Name	Project Type	Completed Contract Amount	Recognized Revenue Amount	Amount Received
			(RMB in millions)	(RMB in millions)	(RMB in millions)
1.	Boxing Sunac Building Construction Project (2022-I020 Plot) (博興融創大廈專案 (2022-I020 地塊) 施工)	Commercial office building construction projects	150.3	34.8	34.8
2.	Construction of new emergency medical comprehensive building and campus upgrade by the Affiliated Hospital of Binzhou Medical University (濱州醫學院附屬醫院新建應急醫療綜合樓及院區提升改造)	Hospital campus construction project	215.9	173.7	250.1
3.	Zouping Gaoxin Subdistrict Urban Renewal Construction Project Gaijia Village Old Village Renovation (鄒平市高新街道城市更新建設項目蓋家村舊村改造)	Old residential community renovation project	229.8	202.0	198.6
4.	Ting'an Chunxiao Residence (汀岸春曉住宅) . . .	Residential construction projects	179.3	104.7	104.7
5.	Binhe Dexin Mansion Construction Project (濱和德馨府建設項目)	Residential construction projects	187.3	151.3	125.6
Total			962.6	666.5	713.7

Projects under Planning

As at 31 December 2025, the Group had no engineering construction projects under planning.

Textiles Business

Overview

The Group engages in the textiles business mainly through Huafang. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's textiles business was approximately RMB2,705.7 million, RMB2,658.4 million and RMB2,878.9 million, respectively, representing approximately 32.5 per cent., 32.6 per cent. and 37.9 per cent. of the Group's total operating income for the same periods, respectively.

Business Model

The Group mainly manufactures and sells products including but not limited to cotton, chemical fiber textiles, printed and dyed fabrics, home textile and clothing products. Its core product is printed and dyed fabric with a design production capacity of 390.0 million meters. The Group owns 21 series encompassing over 10,000 patterns of printed and dyed fabric.

The Group engages in domestic sales and export sales of textile products. For domestic sales, the textile products are delivered to the customer in accordance with the sales contract and the Group's revenue is recognised when the customer confirms receipt of the products. For export sales, the textile products are processed through export customs declaration procedures and the customs declaration is obtained in accordance with the sales contract. The Group's operating income is recognised when the bill of lading is obtained. Costs of the Group's textiles business are recognised at the same time as revenue.

The operating income, operating costs and gross profit margin from the main textile products of the Group for the year ended 31 December 2025 are set forth below:

Products	Operating Income	Operating Cost	Gross Profit Margin
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(Per cent.)</i>
Printed and dyed fabric	2,185.5	1,930.7	11.7
Home textiles	462.3	438.1	5.3
Clothing	129.6	125.4	3.2
Cotton yarn	101.4	100.8	0.6
Others	19.7	16.7	15.1
Total	2,898.6	2,611.7	9.9

The operating income, operating costs and gross profit margin from the Group's export and domestic sales of textile products for the year ended 31 December 2025 are set forth below:

Markets	Operating Income	Operating Costs	Gross Profit Margin
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(Per cent.)</i>
Export sales	2,433.5	2,187.4	10.1
Domestic sales	465.1	424.3	8.8
Total	2,898.6	2,611.7	9.9

Trading Business

Overview

The Group engages in the trading business through Shandong Yellow River and Shandong Bingang International and Binsheng Cultural Tourism. For the three years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's trading business was approximately RMB1,287.9 million, RMB806.6 million, and RMB803.7 million, respectively, representing approximately 15.5 per cent., 9.9 per cent. and 10.6 per cent. of the Group's total operating income for the same periods, respectively.

Business model

Shandong Yellow River and Shandong Bingang International primarily trade in commodities including grain and oil, fuel oil, mixed xylene and textile products. Binsheng Cultural Tourism primarily trades in food and daily necessities such as meat, eggs, and fruit.

The business model is primarily sales-driven procurement (procurement determined by sales). The Group primarily procures goods based on customer demand and selects suppliers by evaluating factors such as price and settlement terms. Upon reaching mutual agreement regarding the goods, quantity, price, and payment and settlement methods, a member of the Group enters into purchase and sale contracts with suppliers. Based on prevailing market prices and subsequent price trends, and under the principle of taking procurement costs into account, the Group negotiates with downstream customers to determine the contract price and settles payments based on such contract price. The purchase and sale prices between the Group, its customers and its suppliers are determined with reference to market prices.

The Group primarily utilises three settlement methods for its trading business: telegraphic transfer, bank acceptance bills, and letters of credit, with telegraphic transfer being the primary method. The Group generally limits the credit terms granted to downstream customers to within one month, while credit terms for certain selected customers with established, long-term and sound cooperative relationships may be extended to 3 to 6 months.

The purchase amounts from the five largest suppliers of the Group's trading business for the years ended 31 December 2023, 2024 and 2025 are set forth below:

For the year ended 31 December 2023

No.	Suppliers	Purchase Amount	Per cent. of Total	Raw Material Supplied	Type of Trading
		(RMB in millions)			
1.	Zouping Tengrui Trading Co., Ltd. (鄒平騰瑞貿易有限公司)	328.1	31.0	Crude corn oil	Domestic trading
2.	Yangxin County State-owned New Energy Technology Co., Ltd. (陽信縣國資新能源科技有限公司)	217.8	20.6	Mixed xylene	Domestic trading
3.	Binzhou City Baitehui Industrial Co., Ltd. (濱州市伯特匯實業有限公司)	142.5	13.5	Grey fabric, veil	Domestic trading
4.	Binzhou Yuyi Textile Technology Co., Ltd. (濱州愉怡紡織科技有限公司)	115.7	10.9	Greige fabric	Domestic trading
5.	Binzhou Tianrun Trading Co., Ltd. (濱州市天潤商貿有限公司)	32.0	3.1	Steel materials	Domestic trading
Total		836.1	79.1		

For the year ended 31 December 2024

No.	Suppliers	Purchase Amount	Per cent. of Total	Raw Material Supplied	Type of Trading
		(RMB in millions)			
1.	Shandong Kuangye Chenxi Trading Co., Ltd. (山東曠燁晨曦貿易有限公司)	372.1	47.2	Corn germ and crude corn oil	Domestic trading
2.	Beijing-Hebei Shuanghuai Zhangjiakou Agricultural Science Co., Ltd. (京冀雙懷張家口農科有限公司)	88.9	11.3	Pork Carcass	Domestic trading
3.	Qingdao Zhenglixin Industrial Co., Ltd. (青島正立信實業有限責任公司)	76.1	9.7	Refined terephthalic acid	Domestic trading
4.	Shandong Yuhang Special Alloy Equipment Co., Ltd. (山東裕航特種合金裝備有限公司)	68.4	8.7	Aluminum products	Domestic trading
5.	Beijing Huanyu Guangna Trading Co., Ltd. (北京環宇廣納商貿有限公司)	67.7	8.6	Refined terephthalic acid	Domestic trading
Total		673.3	85.5		

For the year ended 31 December 2025

No.	Suppliers	Purchase Amount	Per cent. of Total	Raw Material Supplied	Type of Trading
		(RMB in millions)			
1.	Shandong Kuangye Chenxi Trading Co., Ltd. (山東曠燁晨曦貿易有限公司)	252.9	31.5	Corn germ and crude corn oil	Domestic trading
2.	Tianjin Dongguo United Trading Co., Ltd. (天津東國聯合貿易有限公司)	84.6	10.5	Asphalt	Domestic trading
3.	Shandong Juda New Energy Co., Ltd. (山東聚達新能源有限公司)	50.6	6.3	Polypropylene resin	Domestic trading
4.	Qingdao Juxin Supply Chain Co., Ltd. (青島聚新供應鏈有限公司)	36.2	4.5	Aluminum alloy rods	Domestic trading
5.	Binzhou Tianrun Trading Co., Ltd. (濱州市天潤商貿有限公司)	7.6	0.9	Building materials	Domestic trading
Total		432.0	53.8		

The sales amount to the five largest customers of the Group's trading business for the years ended 31 December 2023, 2024 and 2025 are set forth below:

For the year ended 31 December 2023

No.	Customers	Sales Amount	Per cent. of Total	Main Commodities	Type of Trading
		(RMB in millions)			
1.	Zouping Sanxing Oil Industry Co., Ltd. (鄒平三星油脂工業有限公司)	299.1	24.4	Corn germ and crude corn oil	Domestic trading
2.	Shanghai Shengyu Trading Co., Ltd. (上海盛裕商貿有限公司)	253.6	20.7	Mixed xylene	Domestic trading
3.	Shaanxi Guoxin Chemical Engineering Energy Co., Ltd. (陝西國鑫化工能源有限公司)	253.0	20.6	Mixed aromatics	Domestic trading
4.	Yuyue Home Textiles Co., Ltd. (愉悅家紡有限公司)	143.3	11.7	Greige fabric	Domestic trading
5.	Binzhou Zhongyu Food Co., Ltd. (濱州中裕食品有限公司)	61.6	5.0	Grain	Domestic trading
Total		1,010.6	82.3		

For the year ended 31 December 2024

No.	Customers	Sales Amount	Per cent. of Total	Main Commodities	Type of Trading
		(RMB in millions)			
1.	Zouping Sanxing Oil Industry Co., Ltd. (鄒平三星石油工業有限公司)	383.6	47.6	Corn germ and crude corn oil	Domestic trading
2.	Beijing Dahe Mingzhu Supply Chain Management Co., Ltd. (北京大河明珠供應鏈管理有限公司)	159.1	19.7	Fruits	Domestic trading
3.	Guoyi Shengtong (Beijing) International Internet Technology Co., Ltd. (國易盛通(北京)國際互聯網科技有限公司)	91.4	11.3	Pork Carcass	Domestic trading
4.	Shandong Binzheng Trading Co., Ltd. (山東濱正貿易有限公司)	68.5	8.5	Aluminum products	Domestic trading
5.	Zaozhuang Jiaofa Materials Technology Group Co., Ltd. (棗莊交發材料科技集團有限公司)	43.3	5.4	Ethylene glycol	Domestic trading
Total		745.9	92.5		

For the year ended 31 December 2025

No.	Customers	Sales Amount	Per cent. of Total	Main Commodities	Type of Trading
		(RMB in millions)			
1.	Zouping Sanxing Oil Industry Co., Ltd. (鄒平三星油脂工業有限公司)	392.5	49.8	Peanut oil and crude corn oil	Domestic trading
2.	Hainan Lianyujia Energy Co., Ltd. (海南聯譽佳能源有限公司)	84.8	10.8	Asphalt	Domestic trading
3.	Shandong Binzheng Trading Co., Ltd. (山東濱正貿易有限公司)	56.0	7.1	Crude corn oil	Domestic trading
4.	Qingdao Taihe Jiabai Energy Co., Ltd. (青島泰和嘉柏能源有限公司)	50.8	6.4	Polypropylene resin	Domestic trading
5.	Changshouhua (Shandong) Grain and Oil Processing Co., Ltd. (長壽花(山東)糧油加工有限公司)	10.1	1.3	Corn gem and crude corn oil	Domestic trading
Total		594.2	75.4		

Real Estate Business

Under the real estate business segment, the Group is engaged in the construction and sale of commercial housing and shantytown redevelopment. The Group conducts its real estate business primarily through Binzhou Hengxin, which is responsible for the construction and sale of commercial housing units. Binzhou Hengxin currently possesses a level 4 qualification for real estate development.

For the years ended 31 December 2023, 2024 and 2025, the Group's operating income from its real estate business amounted to approximately RMB856.5 million, RMB248.6 million and RMB199.8 million, respectively, representing approximately 10.3 per cent., 3.0 per cent., and 2.6 per cent. of the Group's total operating income for the same periods, respectively.

Shantytown Redevelopment

Pursuant to the arrangement by Binzhou Government, the Group has undertaken shantytown redevelopment projects in Binzhou City. The Group operates the shantytown redevelopment through Shandong Binzhou Min'an Real Estate Co., Ltd. (山東濱州民安置業有限公司).

In accordance with the shantytown redevelopment plans of Binzhou City, the Group determines the relevant shantytown redevelopment land parcels and the construction plans for resettlement housing, handles project approval and filings, obtains the requisite procedural permits and regulatory approvals, and executes project construction. Upon completion of construction and the passing of completion inspections and acceptance tests, the housing units are delivered to eligible resettlement households under centralised newly constructed resettlement schemes, or sold to eligible households opting for monetary compensation resettlement, in each case pursuant to the Agreements on House Expropriation Compensation and Resettlement (《房屋徵收補償安置協定》) entered into between the Binzhou Municipal Office of Housing Expropriation and Compensation Administration (濱州市房屋徵收與補償管理辦公室) and the expropriated parties. Any remaining housing units are subsequently offered for commercial sale to the public.

Examples of major shantytown redevelopment projects include Min'an Xinyuan (民安馨苑), Min'an Jiayuan (民安佳苑), Min'an Jinyuan (民安錦苑), Maofang Xinyuan (毛紡馨苑) and Min'an Quehuayuan (民安鵲華苑).

Project Description

Completed Projects

As at 31 December 2025, the Group completed five shantytown redevelopment projects. The particulars of the projects are set forth below:

No.	Project name	Commencement/ Completion Time	Total Investment Amount (RMB in billions)	Total Invested Amount (RMB in billions)	Cumulative Amount of Recognised Revenue (RMB in billions)	Cumulative Amount of Payments Received (RMB in billions)
1.	Min'an Xinyuan (民安馨苑)	2017-2019	0.6	0.6		
2.	Min'an Jiayuan (民安佳苑)	2018-2021	0.5	0.4		
3.	Min'an Jinyuan (民安錦苑)	2019-2021	0.7	0.7	1.8	1.3
4.	Maofang Xinyuan (毛紡馨苑)	2020-2021	0.8	0.8		
5.	Min'an Quehuayuan (民安鵲華苑)	2020-2022	1.3	1.3		
Total			4.0	4.0	1.8	1.3

Projects under Construction

As at 31 December 2025, the Group had one shantytown redevelopment project under construction with a total investment amount of RMB141 million.

Projects under Planning

As at 31 December 2025, the Group had no shantytown redevelopment project under planning.

Commercial Housing

The Group also engages in construction and sales of commercial housing. The Group's construction capital for commercial housing projects mainly derives from its own capital and external borrowings, and the lands used are acquired through auctions. Upon completion of construction projects, the Group will sell the commercial housing units to the public at the market price.

Binzhou Hengxin has obtained the qualification certificate for real estate development issued by the Bureau of Housing and Urban-Rural Development Bureau of Binzhou City (濱州市住房和城鄉建設局) and fulfils the qualification for engaging in the real estate development business.

Project Description

Completed Projects

As at 31 December 2025, the Group completed one commercial housing project. The particulars of such completed project are set forth below:

No.	Project name	Areas sold	Amount of Recongised Revenue	Total Investment Amount	Total Amount invested
		(square metre)	(RMB in millions)	(RMB in millions)	(RMB in millions)
1.	Bailuhu Garden (白鷺湖花園)	39,600	123.0	490.0	490.0

Project under Construction

As at 31 December 2025, the Group had one commercial housing project under construction, with a total investment amount of approximately RMB2,486.0 million. The particulars of the project under construction are set forth below:

No.	Project name	Areas sold	Amount of Recongised Revenue	Total Investment Amount	Total Amount invested
		(square metre)	(RMB in millions)	(RMB in millions)	(RMB in millions)
1.	Forest Cloud Villa (森林雲墅項目)	7,400	29.0	2,486.0	822.0

Project under Planning

As at 31 December 2025, the Group had no commercial housing project under planning.

Infrastructure Construction

Overview

The Group operates the infrastructure construction business primarily through three models: agent construction model, self-built and self-operated model and public-private enterprise (“PPP”) model. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group’s infrastructure construction business was approximately RMB229.5 million, RMB272.0 million and RMB241.8 million, respectively, representing approximately 2.8 per cent., 3.3 per cent. and 3.2 per cent. of the Group’s total operating income for the same periods, respectively.

Agent Construction Model

Business Model

The Group’s infrastructure construction business is mainly operated by Binzhou Urban Construction Investment Group Co., Ltd. (濱州城建投資集團有限公司). In the early stage of projects developed under such model, the Group was mainly involved in urban infrastructure investment and construction. Under this model, the Binzhou Government and the Group entered into the Urban Infrastructure Construction Agreement (城市基礎設施建設協議書) and Agent Construction Infrastructure Project Repurchase Agreement (代建基礎設施項目回購協議書), authorising the Group to invest in and construct urban infrastructure.

According to the two agreements mentioned above, the Group will:

- (1) be responsible for the construction of infrastructure projects such as road construction after the Binzhou Government authorises the Group to invest in and construct such projects;
- (2) undergo an audit review by the Binzhou Government Investment Review Centre (濱州市政府投資評審中心) during the asset transfer procedures of infrastructure projects; and
- (3) finalise the settlement amount with the Department of Finance of Binzhou City which involves adding a specified percentage to the actual amount approved by the Binzhou Government Investment Review Centre.

Each year, the Group invests in urban infrastructure development according to the plan drawn up by the Binzhou Government. These investments are recorded as inventory based on the project’s investment amount. Upon completion of the relevant infrastructure projects, they are audited by the Binzhou Government Investment Review Centre. The Department of Finance of Binzhou City settles the relevant project revenue with the Group on the approved project amount, to which a certain percentage (approximately 9.0 per cent.) is added. In accordance with the Department of Finance of Binzhou City, the difference between the total amount and the investment cost after adding the approved amount by the Department of Finance of Binzhou City is recognised as income.

Project Description

Completed Projects

The particulars of the Group's completed agent construction projects as at 31 December 2025 are set forth below:

No.	Project Name	Construction Period	Payment Period	Total Investment Amount	Actual Invested Amount	Estimated Payment Received	Total Payment Received	Estimated Payment		
								2026	2027	2028
				(RMB in billions)	(RMB in billions)	(RMB in billions)	(RMB in billions)	(RMB in billions)	(RMB in billions)	(RMB in billions)
1.	Archives Building Project (檔案館工程)	2007-2012	–	0.07	0.07	0.08	0.08	–	–	–
2.	Senior Officers Activity Center (老幹部中心)	2008-2011	–	0.08	0.08	0.09	0.09	–	–	–
3.	One Hall and Three Centers Complex (一館三中心)	2011-2016	2021-2027	0.36	0.33	0.38	0.27	0.11	–	–
4.	Urban Road Construction Headquarters (城市道路指揮部)	2007-2014	2021-2027	5.66	5.66	6.17	4.96	0.50	0.21	0.50
5.	Binzhou Urban Area Road Construction Project (濱州市城區城市道路工程)	2016-2021	2021-2027	0.60	0.59	0.65	0.20	0.20	0.25	–
6.	National Fitness Center Project (Olympic Project) (全民健身中心工程(奧林匹克工程))	2012-2021	2021-2027	0.50	0.48	0.55	0.15	0.15	0.25	–
7.	S247 Le-Hu Highway Reconstruction Project (Huimin County to Lize Town Section) (S247樂胡線惠民縣城至裡則鎮段改建工程)	2016-2020	2021-2027	0.97	0.72	1.23	0.48	0.20	0.35	0.20
8.	Cultural Center Project (Three Halls and One Theater Project) (文化中心工程(三館一院工程))	2010-2021	2021-2027	0.75	0.67	0.73	0.25	0.25	0.23	–
9.	Municipal Road Construction Project (市城市道路工程)	2020-2025	2026-2028	0.78	0.73	0.80	–	0.20	0.25	0.35

Projects under Construction

As at 31 December 2025, the Group had no agent construction projects under construction.

Projects under Planning

As at 31 December 2025, the Group had no agent construction projects under planning.

Self-built and self-operated Model

The Group is responsible for the integrated development of the High-Speed Railway Zone (高鐵片區) and the Kangyang Zone (康養片區) in Binzhou City, as well as the construction and operation of infrastructure within the region. In recent years, the Group has primarily adopted a self-operated model for the construction of projects such as industrial parks and cultural tourism. Upon completion of these projects, the Group mainly generates revenue by collecting operating revenue or rental fee during the course of project operations.

Project Description

Completed Projects

The particulars of the Group's completed projects under the self-built and self-operated model as at 31 December 2025 are set forth below:

No.	Project Name	Construction Period	Payment Period	Actual Invested Amount (RMB in billions)	Estimated Payment Received (RMB in billions)	Estimated Payment to be Received (RMB in billions)
1.	Binzhou Primary Healthcare Doctor Training Base Project (濱州市基層醫生實訓基地專案) . . .	2022-2022	–	0.31	0.5	0.55

Projects under Construction

The particulars of the Group's self-built and self-operated projects under construction as at 31 December 2025 are set forth below:

No.	Project Name	Construction Period	Payment Period	Total Investment Amount (RMB in million)	Actual Invested Amount (RMB in million)	Estimated Investment		
						2025 (RMB in million)	2026 (RMB in million)	2027 (RMB in million)
1.	Binzhou Yellow River Basin Ecological Protection and Engineering Project (濱州黃河流域生態保護工程項目)	2020-2023	2023-2030	838	165	–	–	–
2.	High-speed Rail Logistics Park Infrastructure Construction Project (高鐵物流園區基礎設施建設項目) . .	2021-2025	2025-2040	1,350	746	250	354	–
3.	Infrastructure Project of Medical and Health Scientific Research Translation Industrial Park (醫療健康科研轉化產業園基礎設施項目)	2021-2025	2025-2040	1,454	880	200	174	–
4.	Yellow River Botanical Garden Cultural Tourism Infrastructure Project (黃河植物園文化旅遊基礎設施項目)	2022-2024	2024-2044	760	525	235	–	–

PPP Model

Business Model

The Group actively collaborates with local authorities and property owners to set up project companies and develop transport and urban infrastructure projects under the PPP model. Currently, the Group's involvement in PPP projects primarily consists of forming consortiums with large construction firms to bid for projects. Upon winning the bid, they establish project companies, with the Group retaining a majority equity position in the project companies. The Group's main responsibilities within these project companies include handling construction of the projects, bridging capital financing gap, and securing later-stage project funding. Funding for these projects is largely obtained through viability gap funding mechanisms (可行性缺口補助模式), which enables the return of investment capital and profits.

Project Description

Completed Projects

As at 31 December 2025, the Group had completed three PPP projects. The particulars of such projects are set forth below.

No.	Project Name	Construction Period + Cooperative Operating Period	Equity Interest in Project Company	Contract Price	Actual Invested Amount	Project Company Registered Capital
		(Years)	(RMB in billions)	(RMB in billions)	(RMB in millions)	
1.	Yellow River Bridge PPP Project (黃河大橋PPP專案)	3+25	80%	2.9	2.9	579
	Boxing County Urban Infrastructure Supporting and Environment Enhancement Construction PPP Project (博興縣城區基礎設施配套及 環境提升建設PPP項目)	3+12	65%	1.4	1.0	349
	Southern Urban Area Wastewater Treatment Plant and Matching Piping Network PPP Project (城區南部污水處理廠及配套管網工 程PPP專案)	3+22	79.79%	2.4	1.7	470

Projects under Construction

As at 31 December 2025, the Group had no PPP project under construction.

Projects under Planning

As at 31 December 2025, the Group had no PPP project under planning.

Other Businesses

Other than the principal businesses, the Group is also engaged in other businesses including but not limited to sewage treatment, land leasing, lending of idle funds, grain storage, prevention business and cultural tourism industry business. For the years ended 31 December 2023, 2024 and 2025, the operating income generated from the Group's other businesses was approximately RMB596.5 million, RMB973.9 million and RMB1,104.9 million, respectively, representing approximately 7.2 per cent., 11.9 per cent. and 14.6 per cent. of the Group's total operating income for the same periods, respectively.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group adopts a comprehensive work safety system to ensure employee safety. All of the Group's employees receive basic safety training and specialised training for their various occupations. The Group also provides comprehensive training and assessment for its employees, and safety management training for all supervisory personnel. The Group is in compliance with all material respects with applicable safety regulations. The Group is subject to PRC environmental laws and regulations. In order to ensure that the Group's operations comply with all applicable PRC environmental laws and regulations, the Group has implemented detailed internal procedures for, among others, environmental compliance and pollution control. These internal guidelines set out detailed requirements regarding matters such as environmental safety, pollution control, environmental emergency response plans, technical standards and licensing requirements. The Group reviews and revises its internal guidelines from time to time to keep up to date with regulatory developments. The Group is in compliance with all material respects of the applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

INSURANCE

The Group purchases insurances in amounts that it believes to be consistent with its risks of loss and customary practice in the relevant industry. The Group purchases pension insurance, medical insurance, unemployment insurance, workplace injury insurance and maternity insurance for its employees and personal injury insurance pursuant to the applicable PRC laws and regulations. The Group believes that the existing insurance coverage is both reasonable and adequate. The Group's operations and assets still face threats from fire, floods, explosions, power outages and other natural disasters, which may have a significant adverse impact on the Group's financial and operations.

EMPLOYEES

As at 31 December 2025, the Group had approximately 287 employees. The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group considers its relationship with its workforce to be good and the Group has not experienced any work stoppage or strike. As at the date of this Offering Circular, it did not experience any significant difficulties in recruiting suitable employees for its business operations. Nor did it have any material disputes with its employees, or experience any strike, labour disputes or industrial actions that may have a material adverse effect on its business, financial position and results of operations.

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. 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

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business. As at the date of this Offering Circular, to the best of its knowledge, the Group was not aware of any legal proceedings, investigations, claims, disputes, penalties or liabilities currently existing or pending against it that may have a material adverse impact on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

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

Name	Year of Birth	Position/Title
Mr. Feng Yueyan (馮月岩)	1975	Chairman of the board of directors
Mr. Li Huitao (李會濤)	1974	Deputy chairman of the board of directors and general manager
Mr. Xia Baocheng (夏寶成)	1981	Director
Mr. Yu Rui (于瑞)	1986	Director
Mr. Zhu Shizhe (朱世哲)	1987	Director
Mr. Zhu Hualin (朱華林)	1974	Employee director
Mr. Li Zhichao (李志超)	1982	External Director
Mr. Wang Chuanjiang (王傳江)	1978	External Director
Mr. Ma Pengbin (麻鵬斌)	1970	External Director

Mr. Feng Yueyan (馮月岩), born in 1975, holds a bachelor's degree. Mr. Feng previously served in Zhanhua County Ligu Township Police Station (沾化縣利國鄉派出所) as an assistant police officer, Zhanhua County Ligu Township Archives Management Station (沾化縣利國鄉檔案管理站) and Zhanhua County Ligu Township Cultural Station (沾化縣利國鄉文化站) as station heads, Zhanhua County Ligu Township Comprehensive Management Office (沾化縣利國鄉綜治辦) as a deputy director and a party committee secretary, Zhanhua County Huangsheng Township (沾化縣黃升鄉) as a member of the party committee, a deputy secretary, a deputy township head and a township head, Zhanhua County Government Office (沾化縣政府辦公室) as a deputy director and a director of the Legal Affairs Office, the Zhanhua County Party Committee Organization Department (沾化縣委組織部) as a deputy head, the Binzhou City Zhanhua District Committee Organisation Department (濱州市沾化區委組織部) as a deputy director and an executive deputy director, the Binzhou City Zhanhua District Water Affairs Bureau (濱州市沾化區水務局) as a secretary and a bureau head, the Binzhou City Zhanhua District Finance Bureau (濱州市沾化區財政局) as a secretary, a bureau head and a first-level chief staff member, and the Binzhou City Zhanhua District (濱州市沾化區) as a government party committee member, a deputy district head, a district finance bureau party committee secretary, a member of the standing committee, a member of the district government party committee, an office director, a director of the reform office, a district government party committee vice secretary and a vice district head. Further, Mr. Feng has been a party committee secretary and the chairperson of the board of directors of the Issuer and the chairperson of the board of directors of Binzhou Transportation Investment Development Group Co., Ltd. (濱州市交通投資發展集團有限責任公司) since January 2024.

Mr. Li Huitao (李會濤), born in 1974. Mr. Li previously served in the Investment and Planning Section of the Binzhou Economic and Trade Commission (濱州市經貿委投資規劃科) as a section member and the deputy section chief from November 2001 to January 2005, the Binzhou State-owned Assets Supervision and Administration Commission (SASAC) Property Rights Management Section (濱州市國資委產權管理科) as a deputy section chief, followed by deputy section chief, section chief, and director of the general office of the Enterprise Leadership Management Section (濱州市國資委企業領導人員管理科) from January 2005 to February 2018. Between February 2018 and October 2024, Mr. Li served in the State-owned Assets Supervision and Administration Commission of the Binzhou Municipal People's Government (濱州市人民政府國有資產監督管理委員會) as a deputy investigator, director of the general office and the deputy director. Mr. Li is currently a deputy chairman of the board of directors and general manager of the Issuer.

Mr. Xia Baocheng (夏寶成), born in 1981, holds a postgraduate degree and is a CPC member. Mr. Xia previously served in Zouping City (County) Government at various levels from July 2004 to September 2022. Mr. Xia then served in the County Party Committee Organisation Department (縣委組織部) as a director, and the Gaoxin Party Working Committee (高新街道黨工委) and Huangshan Party Working Committee (黃山街道黨工委) as the secretary. Mr. Xia is currently a deputy secretary of the Party Committee and a director of the Issuer.

Mr. Yu Rui (于瑞), born in 1986. From November 2013 to January 2023, Mr. Yu served in the Binzhou High-tech Zone, the Qingtian Subdistrict Office as a deputy director of the Economic Construction Office (濱州高新區青田街道辦事處經濟建設辦公室), deputy director of the Work Safety Office (濱州高新區青田街道辦事處安監辦), and in the Economic and Trade Development Bureau of the Binzhou High-tech Zone as a deputy director (濱州高新區經貿發展局). Mr. Yu then served in the Comprehensive Office of the Binzhou SASAC (濱州市國資委綜合辦公室) as a director from December 2019 to November 2023. Mr. Yu is currently the director of the Issuer.

Mr. Zhu Shizhe (朱世哲), born in 1987, previously served as a deputy section chief of the Statistics and Assessment Section (濱州市國資委統計與考核科), and deputy section chief of the Financial Supervision and Performance Assessment Section (濱州市國資委財務監督與業績考核科) at SASAC. From September 2018 to July 2020, Mr. Zhu served as deputy secretary of the Party Committee of Jieshishan Town, Wudi County, Binzhou City (濱州市無棣縣碣石山鎮). From July 2020 to April 2023, Mr. Zhu also served in Binzhou SASAC as the deputy section chief of the Secretarial Section of the Municipal Party Committee's Financial and Economic Office (濱州市發展和改革委員會市委財經秘書科) and a deputy director of the General Office (濱州市發展和改革委員會辦公室). Between April 2023 and November 2023, Mr. Zhu served as deputy director of the Comprehensive Office (濱州市國資委綜合辦公室) and section chief of the Property Rights Management and Capital Operation Section at the Binzhou SASAC (濱州市國資委產權管理與資本運營科). Mr. Zhu is currently the director of the Issuer.

Mr. Zhu Hualin (朱華林), born in 1974, previously served in Shandong Binzhou Sugar, Wine and Foodstuff Purchasing and Supply Station (山東濱州糖酒副食品採購供應站) from August 1992 to June 1994. Mr. Zhu also served in Binzhou Shangxia Trading Company (濱州商廈貿易總公司) from July 1994 to May 2005, and later in Shandong Binzhou Mingtian Printing Co., Ltd. (山東濱州明天印務有限公司) as a deputy general manager from June 2005 to October 2012. Mr. Zhu then served in Binzhou Urban Construction Investment Group Co., Ltd. (濱州城建投資集團有限公司) as a manager of the finance department from November 2012 to April 2014, and later as the chairman of the board of directors from May 2014 to December 2016, and then a director and the general manager in January 2017. Afterwards, Mr. Zhu served as an executive director, a general manager and a legal representative of Binzhou Urban Construction Investment Group Co., Ltd. (濱州城建投資集團有限公司) from 19 April 2020 to January 2021. Mr. Zhu has served as the chairman of the board of directors and the general manager of Binzhou Urban Construction Investment Group Co., Ltd. (濱州城建投資集團有限公司), since January 2021, and an employee director of the Issuer since May 2020.

Mr. Li Zhichao (李志超), born in 1982, previously served as deputy section chief of the Centralized Treasury Payment Section at the Binzhou Municipal Fiscal Support Center (濱州市財政保障中心國庫集中支付科) from September 2015 to June 2020. Mr. Sun has served as Chief Financial Officer of a state-owned municipal enterprise since June 2020. Mr. Li is currently an external director of the Issuer.

Mr. Wang Chuanjiang (王傳江), born in 1978, previously served as a deputy chairman of the Labor Union, manager and director of the Party-Masses and Human Resources Department, and director at Binzhou State-owned Capital Investment and Operation Group Co., Ltd (濱州國有資本投資運營集團有限公司). Mr. Wang also served as a chairman of Inspur (Binzhou) Cloud Computing Co., Ltd. (浪潮(濱州)雲計算有限公司), a secretary of the Party Branch and executive director of Binzhou Xingzhi Education Service Co., Ltd. (濱州行知教育服務有限責任公司), and deputy secretary of the Party Branch and general manager of Binzhou Salt Industry Co., Ltd. (濱州鹽業有限公司). Mr. Wang has served as an external director of the Issuer since December 2025.

Mr. Ma Pengbin (麻鵬斌), born in 1980, previously served as a secretary of the Communist Youth League Committee, director of the General Office, deputy general manager, secretary of the Party Branch, and director of Binzhou Department Store Co., Ltd. (濱州市百貨大樓有限責任公司). From May 2006 to January 2019, Mr. Ma served as a deputy general manager, secretary of the Party Branch, executive director, and general manager of Binzhou Modern Logistics Center Co., Ltd. (濱州現代物流中心有限公司). From January 2019 to November 2022, he served as a secretary of the Party Branch, an executive director, and general manager of Binzhou Oil and Gas Development Service Co., Ltd. (濱州石油燃氣開發服務有限公司). Between December 2022 and December 2025, he served as a full-time external director for Binzhou State-owned Capital Investment and Operation Group Co., Ltd. (濱州國有資本投資運營集團有限公司), Shandong Binsheng Cultural Tourism and Sports Industry Group Co., Ltd. (山東濱盛文旅體育產業集團有限公司), and Shandong Binzhou Urban Construction Group Co., Ltd. (山東濱州城建集團有限公司). Mr. Ma is currently an external director of the Issuer.

SENIOR MANAGEMENT

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

Name	Year of Birth	Position/Title
Mr. Li Huitao (李會濤)	1974	Deputy chairman of the board of directors and general manager
Mr. Hu Yuntao (胡雲濤)	1972	Chief Financial Officer

Mr. Li Huitao (李會濤), the deputy chairman of the board of directors and general manager of the Issuer. For Mr. Li's biography, see "*Directors, Supervisors and Senior Management of the Group — Directors*" above.

Mr. Hu Yuntao (胡雲濤), born in 1972, previously worked in the Planning and Finance Department at Binzhou Transportation Group (濱州交運集團) as a director from October 2008 to April 2018. Mr. Hu later served as chief financial officer and director of Binzhou Transportation Group from April 2018 to October 2022. From October 2022 to November 2022, he worked as a staff member at Binzhou Caijin Investment Group Co., Ltd. (濱州市財金投資集團有限公司). From December 2022 to January 2024 Mr. Hu served as chief financial officer at Binzhou Caijin Investment Group Co., Ltd. Mr. Hu is currently chief financial officer of the Issuer.

PRC REGULATIONS

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

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 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 procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of 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, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017, 24 December 2021 and 1 September 2023, 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 execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal 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.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with Administrative Provisions on the Construction Cost of Capital Construction Project (基本建設項目建設成本管理規定) issued by the MOF on 6 July 2016 and came into effect on 1 September 2016, various types of expenses are specified, such as the investment expenditure into construction and installation projects as well as equipment, deferred investment expenses (including land use tax and other taxes) and management cost for the construction of projects. The agent-construction management fee shall be assessed and paid based on the progress of projects and construction quality. Such assessment and payment shall also be related to the tasks constructed by agents and their performance, and the policy of rewarding the good and punishing the bad shall apply. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by PBOC and the former 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, Circular 19 and 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 platform. In accordance with Circular 2881, indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government and three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (the “**New Budget Law**”), 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 26 April 2017, the Ministry of Finance, the NDRC, the Ministry of Justice, the People's Bank of China, the former CBRC and the China Securities Regulatory Commission jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government (關於進一步規範地方政府舉債融資行為的通知) (“**Circular 50**”). According to Circular 50, (i) the local governments should not inject public assets and land reserves into their financing platform companies, and should not undertake to use the expected income from transfer of land reserves as sources for repaying the debt of their financing platform companies; (ii) when providing financing to enterprises such as financing platform companies, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of the letter of guarantee, the letter of undertaking, the letter of comfort or otherwise; (iii) a financing platform company shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 would not be regarded as local government debts pursuant to applicable laws. Therefore, the Bonds would not be treated as local government debts under applicable laws and regulations.

Both the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of 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 “**Circular 23**”) promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) promulgated on 11 May 2018 and took effect on the same day reinforced the position that the PRC government is not an obligor and Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds.

NDRC Registration in relation to Foreign Debts Management

According to Order 56, which was issued by the NDRC on 5 January 2023 and came into effect on 10 February 2023, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of one year or more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue. Order 56 relates to the matters as listed below:

- it adopts and implements the review and registration system for foreign debts and the supervision and administration of the size of foreign debts borrowed on a macro level with the registration and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the examination and registration procedures and shall (i) report the information on the issuance to the NDRC within ten PRC working days of completion of each issuance, (ii) report the information on the borrowing of foreign debt to the NDRC within ten PRC working days upon the expiration of the NDRC certificate, and (iii) semi-annually submit the information on use of the funds raised by the foreign debt, repayment of the principal and interest, plans and arrangements, and key business indicators to the NDRC within five PRC working days before the end of January and the end of July respectively each year;
- registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: basic information of the enterprise and existing foreign debts, analysis of the necessity, feasibility, economy and financial sustainability of the borrowing of foreign debt, application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc., plan for repayment of the principal and interest of foreign debts and risk prevention measures, and letter of commitment for the authenticity of the borrowing of foreign debts. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for registration within five working days of receiving it and shall issue an NDRC certificate within three months of accepting the application;
- the issuer of foreign debts shall, on the strength of the NDRC certificate, complete the relevant formalities for foreign exchange registration, account opening, receipt/payment and exchange of funds, use of funds etc. as required;

- upon completion of examination and registration of foreign debts, the enterprise shall submit an application for change to the examination and registration authorities prior to occurrence of any of the following circumstances and where adjustment is required: (i) changes in the currency of foreign debts to be borrowed or the type of debt instruments; (ii) major changes in the use of raised funds; and (iii) other circumstances under which major adjustments need to be made to the relevant contents of the NDRC certificate. The NDRC shall make a written decision on approval of the application or issue a written notice on non-approval of the change if the reasons stated in the application are not sufficiently justified;
- where there is any concealment, false record, misleading statement or material omission in the application materials and information disclosed by an enterprise, the NDRC shall give warnings to the enterprise and its principal responsible persons. The NDRC shall revoke the NDRC certificate if the certificate is obtained by concealment, deception, bribery or other improper means.

Foreign exchange administration

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, 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 in accordance with the applicable requirements. In the case of bonds issued offshore by a domestic institution, foreign debt registration shall be completed within 15 business days after settlement of the offshore bonds pursuant to the Guidelines for the Foreign Exchange Operations on Capital Projects (2024 edition). 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.

According to the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Fullcovered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知(銀發[2017]9號)) issued by PBOC which came into effect on 12 January 2017 (the “**Cross Border Financing Circular**”), the Issuer is also required to file the issue of the Bonds with SAFE after the execution of the cross-border financing documents but no later than three working days before the funds withdrawal date in accordance with the Cross Border Financing Circular. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Issuer has confirmed with the local counterpart of SAFE that the Cross Border Financing Circular is not applicable to the Issuer since it is regarded a financing platform of a local government.

Qualification of Construction Enterprises

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management on the competency and qualification of market players, the whole process management on the construction projects, and the management on the economic and technical standards of construction projects. The main regulatory authorities include:

- MOHURD (formerly Ministry of Construction of the PRC, the “**MOC**”) and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market,

examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards, etc.

- Ministry of Transport of the PRC (“MOT”) and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.
- National Railway Administration of the PRC (formerly Ministry of Railways of the PRC) and its competent local departments at various levels are responsible for the railway construction projects nationwide.
- The NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.
- Ministry of Ecology and Environment of the PRC (formerly State Environmental Protection Administration, the “SEPA”) and its competent local departments at various levels are responsible for the environmental protection management of construction projects.

In accordance with the Construction Law of the PRC (中華人民共和國建築法) promulgated by SCNPC on 1 November 1997 and became effective on 1 March 1998 as amended on 22 April 2011 and 23 April 2019, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 22 January 2015 which became effective on 1 March 2015 and amended on 22 December 2018. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) issued by MOHURD on 31 January 2015 which became effective on 1 March 2015 and was amended on 9 November 2015 and 16 January 2020, respectively, Criterion for Qualification of Construction Enterprises (建築業企業資質標準) promulgated by MOHURD on 6 November 2014 which became effective on 1 January 2015 and was amended on 14 October 2016 which amendment became effective on 1 November 2016, and Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by former MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) promulgated by MOC on 26 June 2007 which became effective on 1 September 2007 and was amended on 4 May 2015 and 22 December 2018, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見) issued by former MOC and became effective on 21 August 2007 which was amended on 16 June 2016, Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) promulgated by former MOC on 26 June 2007 which became effective on 1 August 2007 and was amended on 4 May 2015, 13 September 2016 and 22 December 2018, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) issued by former MOC and became effective on 31 July 2007 which was amended on 16 June 2016, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include the qualification of general contractor, the qualification of professional contractor and the qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to undertake general contracting work for the whole project or main works. The enterprise undertaking the general contracting work may carry out the whole construction project by itself or subcontract the work other than the main work or the labour service to other construction enterprises that have requisite qualifications.

Any enterprise that has obtained the qualification of a professional contractor may undertake the professional work subcontracted by the general contractor or the professional work contracted by a construction unit. A professional contracting enterprise may carry out construction by itself or subcontract the labour service work to a labour service enterprise that has the corresponding qualification.

Qualification of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) promulgated by former MOC on 29 March 2000 and amended on 4 May 2015, 22 December 2018 and 2 March 2022, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. MOHURD is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers.

Engagement in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from RMB50,000 to RMB100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for industry and commerce for the revocation of the business license. Pursuant to the Provisions on Administration of Qualifications of Real Estate Developers, the qualification of a real estate developer should be annually inspected.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the PRC, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 which became effective on the same date and as amended on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by former MOC on 22 November 2007 and became effective on the same date, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and the 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 (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated 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.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the PRC (中華人民共和國安全生產法) promulgated by SCNPC on 29 June 2002 which became

effective on 1 November 2002, and latest amended on 10 June 2021 which amendment became effective on 1 September 2021, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licenses (安全生產許可證條例) by State Council on 13 January 2004 and became effective on the same date, and amended on 29 July 2014 which amendment became effective on the same date, Provisions on Fines for Work Safety Accidents (生產安全事故罰款處罰規定) promulgated by the Ministry of Emergency Management on 10 January 2024 and effective from 1 March 2024, and Administrative Provisions on Work Safety Licenses of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by former MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the PRC, Regulation on Work Safety Licenses and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carryout production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

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

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Interim Measures for the Acceptance Inspection for Environmental Protection upon Completion of Construction Projects, the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the construction entity shall conduct the environmental protection acceptance inspection in accordance with applicable requirements and assess whether the project's environmental protection facilities meet the relevant requirements.

Labour

Employment Contracts

The Labor Law of the PRC (中華人民共和國勞動法), which was promulgated by the NPC Standing Committee on 5 July 1994 and became effective on 1 January 1995, and was amended on 27 August 2009 and 29 December 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health systems, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards. Labor safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labor protection gear that complies with labor safety and health

conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Labourers engaged in special operations shall have received specialised training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

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

Employee Funds

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

Land, Planning and Construction Permit

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the NPC Standing Committee on 25 June 1986 and last amended on 26 August 2019 which became effective on 1 January 2020, land owned by the State may be remised or allotted to construction units or individuals in accordance with the law. The People's Government at or above the county level shall register and put on record uses of state-owned land used by construction units or individuals, and issue certificates to certify the land use rights.

In May 1990, the State Council (國務院) enacted the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (國務院令第55號) which was amended on 29 November 2020 and became effective on the same date. These regulations, generally referred to as the Urban Land Regulations, formalised the process of the grant and transfer of land use rights for consideration. Under this system, the State retains the ultimate ownership of the land. However, the right to use the land, referred to as land use rights, can be granted by the state and local governments at or above the county level for a maximum period of 70 years for specific purposes pursuant to a land grant contract and upon payment to the State of a premium for the grant of land use rights.

The Urban Land Regulations prescribe different maximum periods of grant for the different uses of land as follows:

Use of Land	Maximum period (Year)
Commercial, tourism, entertainment	40
Residential	70
Industrial.	50
Educational, scientific, cultural, public health and sports	50
Comprehensive utilisation or others.	50

According to the Order of the Ministry of Land and Resources on Promulgating the Land Allocation Catalogue (國土資源部關於發佈(劃撥用地目錄)的命令) promulgated and implemented on 22 October 2001, the land use rights of construction projects which are in conformity with the Catalogue can only be allotted through application by the construction units and approval of the people's government with the approval authority.

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) promulgated by the NPC Standing Committee on 28 October 2007 and amended on 24 April 2015 and 23 April 2019, a Construction Land Planning Permit is required for the use of both allocated land and granted land. If a construction entity which was authorised to use the construction land fails to obtain a Construction Land Planning Permit, the People's Government at or above the county level shall cancel any relevant authorisation documents previously issued. If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to law.

Where construction work is conducted in a city or town planning area, the relevant construction entity or individual shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department of the People's Government at the municipal or county level or to the People's Government of town as recognised by the People's Government of a province, autonomous region or municipality directly under the Central Government. For construction work that proceeds without the Construction Work Planning Permit or in violation of the provisions of the Construction Work Planning Permit, a competent urban and rural planning administrative department at or above the county level can order termination. If the impact on the planning caused by such construction can be eliminated, the department shall order it to take remedial action within a prescribed time limit and pay a fine of not less than 5% but not exceeding 10% of the construction cost. If such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall not only confiscate it or seize any illegal income but also may impose a fine of not more than 10% of the construction price.

According to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the NPC Standing Committee on 1 November 1997 and implemented on 1 March 1998 and its amendment formally issued on 22 April 2011 and amended on 23 April 2019, a construction entity shall, prior to the commencement of a construction project, apply for a Construction Work Commencement Permit from a competent department of the construction administration of the People's Government at or above the county level of the place where the project is located pursuant to the relevant regulations of the State. However, small projects determined by the competent department of construction administration of the State Council, and construction projects which have already obtained approvals for their construction commencement report pursuant to the terms of reference and procedures prescribed by the State Council, are subject to exception.

According to the Rules on the Administration of Construction Quality (建設工程質量管理條例) promulgated by the State Council, and implemented on 30 January 2000, and amended on 7 October 2017 and 23 April 2019, a construction entity commencing the project without obtaining the Construction Work Commencement Permit or approvals for its construction commencement report, shall be ordered to stop the construction work, carry out remedial actions within a prescribed time limit and pay a fine of not less than 1% but not exceeding 2% of the construction price.

According to the Rules on the Administration of Construction Quality (建設工程質量管理條例) and Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) which was promulgated and implemented on 19 October 2009 a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department at or above the county level at the place where the project is located within 15 days from the day when the construction project passes the acceptance checks. Where a construction entity illegally delivers the construction project for use without obtaining the acceptance checks or in circumstances where it failed to pass the acceptance checks, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2% but not exceeding 4% of the contractual project price, and shall be obliged to pay compensation according to law if any losses have been caused. If the construction entity fails to file a record of passing the acceptance checking in respect of the project within 15 days from the day when the construction project passes such checks, it shall be ordered to carry out remedial actions within a prescribed time limit and shall be fined not less than RMB200,000 but not exceeding RMB500,000.

TAXATION

The following summary of certain PRC and Hong Kong tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Bonds.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as (a) non-PRC Bondholders, or (b) beneficial owners who are entities or individuals located outside of the PRC in this “Taxation — PRC” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of 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

Under the EIT Law and its implementation rules, any income or gains realised by non-resident enterprises may be subject to PRC enterprise income tax if such income or gains are regarded as 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. Since the Issuer is incorporated in the PRC, the Issuer is a PRC tax resident enterprise by the PRC tax authorities. Interest paid on the Bonds will be considered to be PRC sourced, and the Issuer shall be required to withhold income tax at a rate of 10 per cent. from payments of interest in respect of the Bonds to any non-resident enterprise Bondholders, unless a tax treaty applies. Any capital gain realised by a non-resident enterprise from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly may be subject to a PRC tax of up to 10 per cent. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which was promulgated on 21 August 2006, the Issuer will be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Bonds to the holders that are Hong Kong resident enterprises and meet the beneficial ownership qualification, and Bondholders who are Hong Kong residents, including both enterprise Bondholders and individual Bondholders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bond. Similarly, pursuant to the Individual Income Tax Law of the PRC and its implementation regulations, the payment of interests is regarded as being derived from sources within the PRC, and the Issuer will be obliged to withhold such individual income tax on payments of interests to non-resident individual Bondholders at a rate of 20 per cent. Any capital gain realised by a non-resident individual Bondholder from transfer of the Bonds may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent.

VAT

On 23 March 2016, the MOF and SAT issued Circular 36, which introduced a new VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. It is likely that the provision of loans to the Issuer could be considered as financial services provided within the PRC, which thus could be subject to VAT. Therefore, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT. Under the VAT Law and its implementation regulations, both of which came into effect on 1 January 2026, financial services supplied within the PRC may be subject to VAT. If interest paid on the Bonds to Bondholders located outside the PRC is regarded as consideration for financial services consumed within the PRC, such interest may be subject to VAT. In such circumstances, the Issuer may be required to withhold and pay VAT on the interest paid to such Bondholders in accordance with applicable PRC law. If the Issuer pays interest income to Bondholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT from the payment of interest income to Bondholders who are located outside of the PRC.

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

The application of the VAT Law and its implementation regulations to interest on, and transfers of, the Bonds may be subject to further clarification or interpretation by the competent PRC tax authorities.

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 Bondholders is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

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.

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

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) 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 Inland Revenue Ordinance).

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

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 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 Inland Revenue Ordinance) from the sale, disposal and redemption of Bonds will be subject to profits tax.

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

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

Stamp Duty

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

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

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

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their 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.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties except such government-related entities can exercise significant influence over the reporting entity. Under IFRS, government-related entities are treated as related parties.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated on or about 21 October 2026 (the “**Subscription Agreement**”) pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for the aggregate principal amount of the Bonds set forth in the Subscription Agreement opposite its name below:

Joint Lead Managers	Principal amount of the Bonds to be subscribed
Guotai Junan Securities (Hong Kong) Limited	120,000,000.00
CLSA Limited	116,500,000.00
BOB International Asset Management Company Limited	10,000,000.00
China Credit International Securities Co., Limited	10,000,000.00
China Galaxy International Securities (Hong Kong) Co., Limited	10,000,000.00
China Industrial Securities International Brokerage Limited	10,000,000.00
China Zheshang Bank Co., Ltd. (Hong Kong Branch).	10,000,000.00
China Merchants Securities (HK) Co., Limited	10,000,000.00
Haitong Bank, Macau Branch	10,000,000.00
Haitong International Securities Company Limited	10,000,000.00
Hua Xia Bank Co., Limited Hong Kong Branch	10,000,000.00
SDIC Securities (Hong Kong) Limited	10,000,000.00
Shenwan Hongyuan Securities (H.K.) Limited	10,000,000.00
Total	346,500,000.00

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

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

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

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

Furthermore, it is possible a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

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

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 Joint Lead Managers accordingly.

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

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders).

Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages. CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

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

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

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

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

Underlying investor information in relation to omnibus order should be sent to: dcm.yellowriver@gtjas.com.hk; ib.dcm.northchina@clsa.com; DCM@cjsc.com.hk; dcm@ccigsec.com; dcm.execution@chinastock.com.hk; dcm@xyzq.com.hk; dcm hk@czbank.com; dcm@htisec.com.

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

provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMI's (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 with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

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 in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Each of the Joint Lead Managers has represented 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 under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

UNITED KINGDOM

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

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated 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 Joint Lead Managers has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to 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 Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, 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.

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

THE PRC

Each of the Joint Lead 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.

JAPAN

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

GENERAL INFORMATION

Clearing Systems: The Bonds have been accepted for clearance through the CMU under CMU Instrument Number BNYHFB26321, with a Common Code 353660659 and the ISIN for the Bonds is HK0001366456.

Authorisations: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 23 January 2026 and by a resolution of the shareholders of the Issuer on 10 February 2026. The Issuer has received the NDRC Certificate dated 8 September 2026 from the NDRC in connection with the Pre-Issue Registration.

No Material Adverse Change: There has been no material adverse change, or any development likely to involve an adverse change, in the financial or trading position or to the condition (financial or otherwise), prospects, results of operations, capitalisation, profitability, business, properties, general affairs or management of the Issuer or the Group since 31 December 2025.

Litigation: Save as disclosed in this Offering Circular, the Group is not involved in any litigation or arbitration proceedings that the Group believes are material in the context of the Bonds nor is the Group aware that any such proceedings are pending or threatened.

Available Documents: So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection from the Issue Date at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) at the principal office of the Trustee, being as at 27 October 2026 (the “**Issue Date**”) at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong, and at the specified office for the time being of the CMU Lodging and Paying Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the CMU Lodging and Paying Agent and the registered office of the Issuer:

- the Trust Deed; and
- the Agency Agreement.

Financial Statements: The Audited Financial Statements, which are included elsewhere in this Offering Circular, were prepared and presented in accordance with PRC GAAP and have been audited by Zhongxinghua, the Issuer’s independent auditor, as stated in its report appearing herein. The Issuer’s financial information as at and for the years ended 31 December 2023, 2024 and 2025 has been extracted from the Audited Financial Statements.

Listing: Application will be made to the SEHK 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 October 2026.

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Notes:

- (1) For the avoidance of doubt, the Issuer’s English translated name “Binzhou Caijin Investment Development Group Co., Ltd” as stated in the Audited Financial Statements should refer to its legal name “Binzhou Caijin Investment Development Group Co., Ltd.” as stated elsewhere in this Offering Circular.



Auditor's Report

ZXHSZ (2026) NO. 00010996

To the Shareholders of Binzhou Caijin Investment Development Group Co., Ltd.,

I. Opinion

We have audited the financial statements of Binzhou Caijin Investment Development Group Co., Ltd. (hereinafter referred to as the Company), which comprise the Consolidated and the Parent Company's Balance Sheet as at 31 December 2025, the Consolidated and the Parent Company's Income Statement, the Consolidated and the Parent Company's Statement Cash Flows, and the Consolidated and the Parent Company's Statement of Change in Owner's Equity for the year then ended, and related notes to the financial statements.

We are of opinion that the accompanying financial statements have been properly prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and give a true and fair view of the Consolidated and Parent Company's financial position as at 31 December 2025, and of their Consolidated and Parent Company's financial performance and cash flows for the year then ended.

II. Basis for Opinion

We have conducted our audit in accordance with the Standard on Auditing for Certified Public Accountants of China. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. In accordance with the China Independence Standards for Certified Public Accountants and China Code of Ethics for Certified Public Accountants, we are independent of the Company 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 the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises, so as to ensure they give a true and fair view, and for designing implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

IV. Auditor's Responsibility 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 auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are 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.

In conducting an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following procedures:

- (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 sufficient and appropriate audit evidence that is the basis for our audit 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 the 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Zhongxinghua Certified Public Accountants LLP



China - Beijing

28 April 2026



Consolidated Balance Sheet

31 December 2025

Prepared by: Binzhou Caljin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	31 December 2025	31 December 2024
Current assets			
Cash and Cash Equivalents		4,384,935,752.45	5,491,100,884.47
Financial assets held for trading		451,671,428.57	
Derivative financial assets			
Notes receivable		42,884,139.03	24,766,652.95
Accounts receivable		4,649,349,171.12	4,504,758,814.73
Accounts receivable financing		20,000.00	
Advances to suppliers		666,712,615.32	816,399,751.51
Other receivables		2,627,251,890.60	5,433,496,013.96
Inventory		15,525,692,003.94	15,025,533,565.94
Contract assets		225,365,948.39	75,980,214.87
Assets held for sale			
Non-current assets due within one year		104,582,302.37	94,594.53
Other current assets		1,861,717,716.57	432,115,248.53
Total current assets		30,540,182,968.36	31,804,245,741.49
Non-current assets			
Debt investments		3,074,675,102.28	348,560,363.65
Other debt investments			
Long-term receivables		3,520,396,915.52	4,922,342,049.10
Long-term equity investments		2,093,575,586.21	2,006,116,487.73
Other equity instrument investments		6,265,114,910.89	6,133,221,079.07
Other non-current financial assets		4,040,373,028.29	3,693,027,444.75
Investment properties		1,973,578,080.12	646,382,236.12
Fixed assets		2,643,362,861.69	2,846,418,377.36
Construction in progress		3,416,032,688.05	3,268,612,615.85
Bearer biological assets		63,502,863.87	66,276,386.93
Oil and gas assets			
Right-of-use assets			
Intangible assets		6,969,008,021.18	6,795,596,679.62
Development expenditure			
Goodwill			
Long-term prepaid expense		23,406,938.60	20,636,756.38
Deferred tax assets		80,169,284.34	74,755,579.04
Other non-current assets		751,436,342.59	826,986,896.98
Total non-current assets		34,914,632,623.63	31,648,932,952.58
Total assets		65,454,815,591.99	63,453,178,694.07

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:



Consolidated Balance Sheet (Continued)

31 December 2025

Prepared by: Binzhou Cailin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings		2,949,950,637.47	2,687,773,353.74
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		356,445,939.17	486,247,595.97
Trade payables		4,736,790,981.77	5,408,215,234.42
Advances from customers		5,276,567.87	11,111,997.64
Contract liabilities		860,935,397.94	542,339,436.55
Employee benefits payable		63,501,489.07	60,000,859.37
Taxes payable		202,896,542.77	170,474,227.69
Other payables		2,269,871,002.72	2,357,321,094.46
Liabilities held for sale			
Non-current liabilities due within one year		3,918,538,149.66	5,130,557,389.50
Other current liabilities		101,809,385.07	50,890,523.90
Total current liabilities		15,466,016,093.51	16,904,931,713.24
Non-current liabilities:			
Long-term borrowing		10,693,790,312.45	9,893,519,038.47
Bonds payable		7,618,215,550.30	6,186,857,075.54
Of which: Preferred Stock			
Perpetual debts			
Lease liabilities			
Insurance contract reserves		77,173,984.92	55,066,145.18
Long-term payables		5,305,746,129.24	5,054,272,685.42
Long-term employee remuneration payable			
Provisions		1,003,021.89	774,228.95
Deferred incomes		41,915,051.48	20,906,333.54
Deferred tax liabilities		3,387,589.27	83.78
Other non-current liabilities		10,456,930.62	10,456,930.62
Total non-current liabilities		23,751,688,570.17	21,221,852,521.50
Total liabilities		39,217,704,663.68	38,126,784,234.74
Owner's equity:			
Paid-in capital		1,500,000,000.00	1,500,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debts			
Capital reserve		19,694,305,204.39	19,210,941,783.10
Less: treasury stock			
Other comprehensive income		-14,675,074.73	-25,020,200.84
Special reserve			
Surplus reserve			
General risk provisions			
Undistributed profits		1,193,728,181.15	1,131,790,853.59
Total owners' equity attributable to the parent		22,373,358,310.81	21,817,712,435.85
Minority shareholder's equity		3,863,752,617.50	3,508,682,023.48
Total owners' equity		26,237,110,928.31	25,326,394,459.33
Total liabilities and owners' equity		65,454,815,591.99	63,453,178,694.07

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Income Statement

the year 2025

Prepared by: Binzhou Caljin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	the year 2025	the year 2024
I. Total operating incomes		7,591,281,957.26	8,151,926,828.01
Of which: Operating revenue		7,591,281,957.26	8,151,926,828.01
II. Total operating costs		7,511,707,802.43	7,923,239,750.68
Of which: Operating costs		6,085,346,690.80	6,574,089,369.04
Net provision for insurance contracts		10,712,308.46	29,090,709.30
Taxes and surcharges		124,502,737.77	84,032,097.01
Selling expenses		81,957,729.74	86,121,931.01
Administrative expenses		371,529,192.67	328,635,715.62
R&D expenses		129,556,999.70	141,686,829.64
Financial expenses		708,102,143.29	679,583,099.06
Add: other incomes		10,884,930.65	47,499,045.51
Investment income (losses marked with "-")		159,974,485.58	172,184,531.15
Gains from changes in fair value (losses marked with "-")		-113,608.58	
Credit impairment losses (losses marked with "-")		-10,545,570.76	-52,360,235.51
Asset impairment losses (losses marked with "-")		-187,903,064.16	-104,724,648.59
Gains on disposal of assets (losses marked with "-")		-2,085,590.80	-11,821,242.79
III. Operating profits (losses marked with "-")		49,785,736.76	279,464,527.10
Add: non-operating income		6,732,422.52	1,496,524.10
Less: Non-operating expenses		4,104,349.94	1,847,263.84
IV. Total profits (total losses marked with "-")		52,413,809.34	279,113,787.36
Less: Income tax expenses		74,455,023.74	62,819,350.59
V. Net profits (net losses marked with "-")		-22,041,214.40	216,294,436.77
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		-22,041,214.40	216,294,436.77
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		126,225,874.70	175,918,144.60
2. Minority shareholders' profits and losses (net losses marked with "-")		-148,267,089.10	40,376,292.17
VI. After-tax net amount of other comprehensive incomes		10,345,126.11	-17,296,002.10
(I) Net other comprehensive incomes after tax attributable to owners of parent company		10,345,126.11	-17,296,002.10
1. Other comprehensive incomes not to be reclassified into profits and losses		10,271,815.21	-17,262,731.31
(1) Remeasure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments		10,271,815.21	-17,262,731.31
(4) Changes in fair value of enterprise's own credit risk			
(5) Other			
2. Other comprehensive incomes to be reclassified into profits and losses		73,310.90	-33,270.79
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets recognized in other comprehensive income			
(4) Provision for credit impairment of other creditor's rights investment			
(5) Cash flow hedging reserves			
(6) Translation differences in foreign currency financial statements		73,310.90	-33,270.79
(7) Other			
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		-11,696,088.29	198,998,434.67
(I) Total comprehensive incomes attributable to owners of parent company		136,571,000.81	158,622,142.50
(II) Total comprehensive incomes attributable to minority shareholders		-148,267,089.10	40,376,292.17

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:



Consolidated Statement of Cash Flows

the year 2025

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	the year 2025	the year 2024
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		6,733,603,436.54	7,746,811,502.04
Tax refunds received		197,206,890.52	202,413,817.31
Other cash received related to operating activities		2,750,604,685.10	1,734,821,512.12
Subtotal cash inflow from operating activities		9,681,415,012.16	9,684,046,831.47
Cash paid to buy goods and receive labor service		6,135,925,482.05	7,266,046,778.20
Cash paid to and for employees		528,996,327.90	507,150,264.74
Taxes paid		310,869,112.63	225,553,200.00
Other cash paid to operating-related activities		1,112,363,644.19	870,376,041.86
Subtotal cash outflow from operating activities		8,088,154,566.77	8,869,126,284.80
Net cash flow from operating activities		1,593,260,445.39	814,920,546.67
II. Cash flow from investing activities:			
Cash received from investment withdrawal		161,460,111.17	72,880,605.32
Cash received from investment income		48,986,912.33	29,205,939.15
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		29,628,219.61	341,800,759.78
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities		70,000,000.00	465,175,000.00
Subtotal cash inflow from investing activities		310,075,243.11	909,062,304.25
Cash paid for purchasing fixed assets, intangible assets		1,921,858,492.45	1,442,873,643.45
Cash paid for investment		1,465,130,672.05	2,320,655,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities			1,142,700,000.00
Subtotal cash outflow from investing activities		3,386,989,164.50	4,906,228,643.45
Net cash flow from investment activities		-3,076,913,921.39	-3,997,166,339.20
III. Cash flow from financing activities:			
Cash received from absorbing investments		401,675,000.00	530,301,935.00
Cash received from borrowings		9,067,859,347.78	11,828,085,084.82
Other cash received from financing-related activities		491,498,853.15	302,540,030.44
Subtotal of cash inflow from financing activities		9,961,033,200.93	12,660,927,050.26
Cash paid for repayment of debt		7,730,290,780.05	8,278,469,498.85
Cash paid for distributing dividends, profits or settling		1,212,663,783.27	1,196,638,423.34
Other cash paid to financing-related activities		627,399,609.82	309,139,202.65
Subtotal cash outflow from financing activities		9,570,354,173.14	9,784,247,124.84
Net cash flow from financing activities		390,679,027.79	2,876,679,925.42
IV. Influence of exchange rate changes to cash and cash equivalents		5,587,319.60	14,902,831.48
V. Net increase in cash and cash equivalents		-1,087,387,128.61	-290,663,035.63
Add: opening balance of cash and cash equivalents		4,983,618,222.11	5,274,281,257.74
VI. Closing balance of cash and cash equivalents		3,896,231,093.50	4,983,618,222.11

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Statement of Change in Owners' Equity the year 2025

Prepared by: Binzhou Caplin Investment Development Group Co., Ltd.

Amount Unit: RMB yuan

Items	Current amount									
	Owner's equity attributable to the parent company					Other equity instruments				
	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profits	Subtotal	Minority shareholder's equity	Total owners' equity
I. Balance at the end of last year	19,210,941,783.10		-25,020,200.84				1,131,790,853.59	21,817,712,435.85	3,508,682,023.48	25,326,394,459.33
Add: accounting policy changes										
Correction of previous period accounting errors										
Other										
II. Balance at the beginning of this year	19,210,941,783.10		-25,020,200.84				1,131,790,853.59	21,817,712,435.85	3,508,682,023.48	25,326,394,459.33
III. Increased or decreased amount in the current period	483,363,421.29		10,345,126.11				61,937,327.56	555,645,874.96	355,070,594.02	910,716,468.98
(I) Total comprehensive income			10,345,126.11				126,225,874.70	136,571,000.81	-148,267,089.10	-11,696,088.29
(II) Capital increase or decrease from the owner	483,363,421.29							483,363,421.29	503,337,683.12	986,701,104.41
1. Invested capital by the owner										
2. Other equity instruments owner invested capital										
3. Amount of stock payment included in owner's equity										
4. Others	483,363,421.29									
(III) Profit distribution										
1. Withdrawal of the surplus reserves								483,363,421.29		483,363,421.29
2. Withdrawal of the general risk reserves							-64,288,547.14	-64,288,547.14		-64,288,547.14
3. Distribution to owners										
4. Others										
(IV) Internal transfer of shareholders' equity										
1. Capital reserve to increase capital										
2. Surplus reserve to increase capital										
3. Cover losses with surplus reserve										
4. Set the benefit plan variation to be transferred into retained earnings										
5. Retained earnings carried forward by other comprehensive income										
6. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Used in this period										
(VI) Others										
IV. Balance at the end of current year	19,694,305,204.39		-14,675,074.73				1,193,728,181.15	22,373,358,310.81	3,863,752,617.50	26,237,110,928.31

Legal representative:

Accounting leader:

Accounting firm director:

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Consolidated Statement of Change in Owners' Equity (Continued)

Prepared by: Binzhou Cailin Investment Development Group Co., Ltd.															Amount Unit: RMB yuan	
Items	Previous amount													Minority shareholder's equity	Total owners' equity	
	Owner's equity attributable to the parent company															
	Paid-in capital	Reserve	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profits	Subtotal				
			Perpetual debits	Other												
I. Balance at the end of last year	1,000,000.00				17,153,462,823.51		-17,724,198.74				1,031,249,298.50	18,167,987,923.27	3,338,369,092.98	21,506,357,016.25		
Add: accounting policy changes																
Correction of previous-period accounting errors																
Other																
II. Balance at the beginning of this year	1,000,000.00				17,153,462,823.51		-17,724,198.74				1,031,249,298.50	18,167,987,923.27	3,338,369,092.98	21,506,357,016.25		
III. Increased or decreased amount in the current period (decrease included with "-")	1,499,000,000.00				2,057,478,959.59		-7,296,002.10				100,541,555.09	3,649,724,512.58	170,312,930.50	3,820,037,443.08		
(I) Total comprehensive incomes							-17,296,002.10				175,918,144.60	158,622,142.50	40,376,292.17	198,998,434.67		
(II) Capital increase or decrease from the owner	409,000,000.00				3,147,478,959.59							3,556,478,959.59	129,936,638.33	3,686,415,597.92		
1. Invested capital by the owner	409,000,000.00											409,000,000.00	129,936,638.33	538,936,638.33		
2. Other equity instruments owner invested capital																
3. Amount of stock payment included in owner's equity																
4. Others					3,147,478,959.59							3,147,478,959.59		3,147,478,959.59		
(III) Profit distribution														-65,376,589.51		
1. Withdrawal of the surplus reserves																
2. Withdrawal of the general risk reserves																
3. Distribution to owners																
4. Others																
(IV) Internal transfer of shareholders' equity	1,090,000,000.00				-1,090,000,000.00		10,000,000.00									
1. Capital reserve to increase capital	1,090,000,000.00				-1,090,000,000.00											
2. Surplus reserve to increase capital																
3. Cover losses with surplus reserve																
4. Set the benefit plan variation to be carried out into retained earnings																
5. Retained earnings carried forward by other comprehensive incomes							10,000,000.00									
6. Others																
(V) Special reserve																
1. Withdrawal in this period																
2. Used in this period																
(VI) Others																
IV. Balance at the end of current year	1,500,000,000.00				19,210,941,783.10		-25,020,200.84				1,131,790,853.59	21,817,712,435.85	3,508,682,023.48	25,326,394,459.33		

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涛胡印云

Accounting firm director:

涛胡印云
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(The attached Financial Statement Notes are an integral part of the financial statements)
Legal representative: Accounting leader:

Balance Sheet

31 December 2025

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	31 December 2025	31 December 2024
Current assets:			
Cash and Cash Equivalents		7,588,562.40	85,423,125.90
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advances to suppliers			22,407,917.50
Other receivables		319,113,326.67	300,610,000.00
Inventory			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		60,046,639.97	25,900.05
Total current assets		386,748,529.04	408,466,943.45
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		11,819,523,671.87	11,683,081,735.35
Other equity instrument investments		3,025,145,315.08	3,025,145,315.08
Other non-current financial assets			
Investment properties			
Fixed assets		18,361,558.02	10,119.56
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		5,259,998.79	
Development expenditure			
Goodwill			
Long-term prepaid expense			
Deferred tax assets			
Other non-current assets			
Total non-current assets		14,868,290,543.76	14,708,237,169.99
Total assets		15,255,039,072.80	15,116,704,113.44

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Balance Sheet (Continued)

31 December 2025

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Trade payables			
Advances from customers		57,247.72	
Contract liabilities			
Employee benefits payable		41,598.91	57,269.51
Taxes payable		17,406.18	61,135.60
Other payables		122,256,696.70	235,855.78
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		122,372,949.51	354,260.89
Non-current liabilities:			
Long-term borrowing			
Bonds payable			
Of which: Preferred Stock			
Perpetual debts			
Lease liabilities			
Long-term payables			
Long-term employee remuneration payable			
Provisions			
Deferred incomes			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		122,372,949.51	354,260.89
Owner's equity:			
Paid-in capital		1,500,000,000.00	1,500,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debts			
Capital reserve		13,616,227,050.43	13,616,227,050.43
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profits		16,439,072.86	122,802.12
Total owners' equity		15,132,666,123.29	15,116,349,852.55
Total liabilities and owners' equity		15,255,039,072.80	15,116,704,113.44

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Income Statement

the year 2025

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	the year 2025	the year 2024
I. Operating income		2,748,900.53	3,361,788.46
Less: operating costs		400,341.94	1,223,605.07
Taxes and surcharges		57,500.01	59,455.08
Selling expenses			
Administrative expenses		2,922,726.28	2,159,778.08
R&D expenses			
Financial expenses		-573,633.45	-352,758.28
Add: other incomes		574.59	143.45
Investment income (losses marked with "-")		16,299,712.43	
Fair value change incomes (losses marked with "-")			
Credit impairment losses (losses marked with "-")			
Asset impairment losses (losses marked with "-")			
Gains on disposal of assets (losses marked with "-")			
II. Operating profits (losses marked with "-")		16,242,252.77	271,851.96
Add: non-operating income		80,000.00	0.05
Less: Non-operating expenses		100.00	
III. Total profits (total losses marked with "-")		16,322,152.77	271,852.01
Less: Income tax expenses		5,882.03	7,394.17
IV. Net profits (net losses marked with "-")		16,316,270.74	264,457.84
(I) Net profits from sustainable operation (net losses marked with "-")		16,316,270.74	264,457.84
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive incomes not to be reclassified into profits and losses			
1. Remeasure changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive incomes to be reclassified into profits and losses			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Translation differences in foreign currency financial statements			
7. Others			
VI. Total comprehensive incomes		16,316,270.74	264,457.84

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Cash Flow Statement

the year 2025

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	the year 2025	the year 2024
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		57,247.72	3,563,493.89
Tax refunds received			
Other cash received related to operating activities		13,404,114.47	353,061.78
Subtotal cash inflow from operating activities		13,461,362.19	3,916,555.67
Cash paid to buy goods and receive labor service			1,302,662.53
Cash paid to and for employees		1,164,831.61	1,079,702.42
Taxes paid		127,851.38	165,831.42
Other cash paid to operating-related activities		6,002,267.69	324,943,572.63
Subtotal cash outflow from operating activities		7,294,950.68	327,491,769.00
Net cash flow from operating activities		6,166,411.51	-323,575,213.33
II. Cash flow from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		24,000,975.01	2,821.78
Cash paid for investment		60,000,000.00	2,000,000.00
Other cash paid to investing-related activities			
Subtotal cash outflow from investing activities		84,000,975.01	2,002,821.78
Net cash flow from investment activities		-84,000,975.01	-2,002,821.78
III. Cash flow from financing activities:			
Cash received from absorbing investments			409,000,000.00
Cash received from borrowings			
Other cash received from financing-related activities			
Subtotal of cash inflow from financing activities			409,000,000.00
Cash paid for repayment of debt			
Cash paid for distributing dividends, profits or settling			
Other cash paid to financing-related activities			
Subtotal cash outflow from financing activities			
Net cash flow from financing activities			409,000,000.00
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-77,834,563.50	83,421,964.89
Add: opening balance of cash and cash equivalents		85,423,125.90	2,001,161.01
VI. Closing balance of cash and cash equivalents		7,588,562.40	85,423,125.90

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Statement of Change in Owners' Equity

the year 2025

Prepared by: Binzhou Caim Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Current amount											Amount Unit: RMB yuan
Items	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual debts	Other							
I. Balance at the end of last year	1,500,000,000.00				13,616,227,050.43					122,802.12	15,116,349,852.55
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	1,500,000,000.00				13,616,227,050.43					122,802.12	15,116,349,852.55
III. Increased or decreased amount in the current period (decrease)											
(I) Total comprehensive incomes										16,316,270.74	16,316,270.74
(II) Capital increase or decrease from the owner										16,316,270.74	16,316,270.74
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current	1,500,000,000.00				13,616,227,050.43					16,439,072.86	15,132,666,123.29

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Accounting firm director:

涛胡印云

Accounting leader:

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(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Statement of Change in Owners' Equity (Continued)

the year 2025

Prepared by: Binzhou Calin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Previous amount				Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
	Paid-in capital	Preference shares	Perpetual debts	Other							
I. Balance at the end of last year	1,000,000.00									-141,655.72	858,344.28
Add: accounting policy changes											
Correction of previous-period accounting errors											
Other											
II. Balance at the beginning of this year	1,000,000.00									-141,655.72	858,344.28
III. Increased or decreased amount in the current period (decrease)	1,499,000,000.00				13,616,227,050.43					264,457.84	15,115,491,508.27
(I) Total comprehensive incomes										264,457.84	264,457.84
(II) Capital increase or decrease from the owner	409,000,000.00				14,706,227,050.43						15,115,227,050.43
1. Invested capital by the owner	409,000,000.00										409,000,000.00
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					14,706,227,050.43						14,706,227,050.43
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity	1,090,000,000.00				-1,090,000,000.00						
1. Capital reserve to increase capital	1,090,000,000.00				-1,090,000,000.00						
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	1,500,000,000.00				13,616,227,050.43					122,802.12	15,116,349,852.55

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting leader:

Accounting firm director:

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Binzhou Caijin Investment Development Group Co., Ltd

2025 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Basic information of the company

1. Company profile

Binzhou Caijin Investment Development Group Co., Ltd (hereinafter referred to as "the group" or "the company") was established on September 30, 2021. Former name: Binzhou Talent Development Group Co., Ltd. At present, the registered capital of the company is RMB 150 million. The parent company is the State-owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government. The unified social credit code of the company is 91371600MA951JA41H. Legal representative: Feng Yueyan.

Registered address of the Company: No.736, Bohai 16th Road, Bincheng District, Binzhou City, Shandong Province.

2. Corporate business scope

Business scope of the Company: general items: investment activities with its own funds; Asset management services invested by own funds; Financing advisory services; Business management consulting; Financial consultation; Land use right lease; Non residential real estate leases. (Except for projects subject to approval according to law, independently carry out business activities according to law with business license).

3. Approval of financial report

This financial statement was reported upon approval by the company's Board of Directors on 28 April 2026.

II. Preparation basis of the financial statements

1. Preparation basis

The financial statements of our company are prepared on the basis of the going concern assumption, based on actual transactions and events, in accordance with the provisions of the "Enterprise Accounting Standards - Basic Standards" issued by the Ministry of Finance, as well as various specific accounting standards, application guidelines for enterprise accounting standards, interpretations of enterprise accounting standards, and other relevant regulations (hereinafter referred to as "Enterprise Accounting Standards").

According to the relevant provisions of the Enterprise Accounting Standards, our company's accounting is based on the accrual basis. Except for certain financial instruments, this financial statement is measured based on historical cost. If assets are impaired, corresponding impairment provisions shall be made in accordance with relevant regulations.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Significant accounting policies and accounting estimate

According to the actual production and operation characteristics and the provisions of relevant accounting standards for business enterprises, the company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for various transactions and events, as detailed in the following descriptions.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company comply with the requirements of the accounting standards for business enterprises, and truly and completely reflect the merger of 31 December 2025 of the company and the financial position of the parent company, as well as the merger of the year 2025, as well as the operating results of the parent company and the cash flow of the merger and the parent company.

2. Accounting period

Our company's accounting period is divided into annual and interim periods, with the interim period referring to a reporting period shorter than a complete accounting year. Our company's accounting year adopts the Gregorian calendar year, which is from January 1st to December 31st each year.

3. Operating cycle

Our company uses 12 months as a business cycle and uses it as the liquidity classification standard for assets and liabilities.

4. Functional currency

The company takes RMB as the bookkeeping base currency.

5. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's

consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

If the deductible temporary difference obtained by the acquirer from the acquiree is not recognized on the acquisition date because it does not meet the recognition conditions of deferred income tax assets, within 12 months after the acquisition date, if new or further information shows that the relevant circumstances on the acquisition date have existed and it is expected that the economic benefits brought by the deductible temporary difference of the

acquiree on the acquisition date can be realized, the relevant deferred income tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is not sufficient to offset, the difference shall be recognized as the current profits and losses; except for the above situations, the deferred income tax assets related to business combination shall be recognized and recorded into the current profits and losses.

For business combination not under the same control realized through multiple transactions step by step, whether the multiple transactions are package transactions shall be judged according to the Notice of the Ministry of Finance on Issuing the Interpretation of Accounting Standards for Enterprises No. 5 (CK [2012] No. 19) and Article 51 of Accounting Standards for Enterprises No. 33-Consolidated Financial Statements (see Notes 4 and 5 (2)). If it is a "package deal", the accounting treatment shall be made with reference to the descriptions in the preceding paragraphs of this part and 14 "Long term Equity Investment" in Note IV; If it is not a "package deal", separate individual financial statements and consolidated financial statements for relevant accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

6. The criteria for control and the methods for preparing consolidated financial statements.

(1) Criteria for Control Assessment

The scope of consolidation for financial statements is determined based on control. Control refers to the company's power over the investee, which is manifested through participation in relevant activities of the investee that provide variable returns. Additionally, the company must

possess the ability to utilize this power to influence the amount of those returns. Typically, this includes investees in which the parent company holds more than 50% of the voting rights, as well as situations where the company has less than 50% of the voting rights but, through agreements with other investors, effectively holds more than 50% of the voting power in the investee. This also encompasses the rights stipulated by the company's articles of association or agreements to determine the financial and operational decisions of the investee, the authority to appoint or dismiss the majority of the members of the investee's board of directors, and having majority voting rights on the investee's board.

(2) Consolidated financial statement preparation method

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the closing balance of the previous year in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the closing balance of the previous year and comparison of the consolidated financial statements are not adjusted. For subsidiaries increased through business merger under the same control and combined party consolidated by merger, their operating results and cash flow from ending date of previous year of consolidation period to combining date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and comparison number of consolidated financial statements are adjusted at the same time.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits

and losses” under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in the equity of the subsidiary, they are still offset against the minority shareholders’ interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as “Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment” or “Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments”, for details, please refer to Note III, 13 “Long-term equity investment” or Note III, 10 “Financial Instruments”.

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are concluded simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not package deals, for each transaction, accounting treatment is conducted respectively depending on circumstances according to applicable principles in “partially dispose the long-term equity investment of subsidiary without losing the control right”, “lose the control right on original subsidiary due to disposal of partial equity investment or other reasons”. Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

7. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

The company's investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note III, 13 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

8. Determination standards of cash and cash equivalents

The company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

9. Foreign exchange business**(1) Conversion of foreign currency transactions**

When the company initially recognizes the foreign currency transaction, it is converted to accounting standard currency amount at the spot exchange rate on the transaction date (it generally refers to the central parity rate of exchange rate on the current day published by the People's Bank of China, the same below), whereas the foreign currency exchange business of the company or foreign currency exchange-related transaction matters are converted to accounting standard currency amount at the actual exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ②The exchange difference of hedging instruments used to operate effective hedging of net investment abroad (the difference is included in other comprehensive income and is not recognized as current profit or loss until the net investment is disposed of); and, ③for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

In the preparation of consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, it is transferred to disposing of current profit or loss.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

(3) Translation method of foreign currency financial statements

In the preparation of consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, exchange differences resulting from changes in exchange rates are recognized as "translation differences in foreign currency statements" as other comprehensive income; When disposing of overseas operations, it is included in the profit or loss of the disposal period.

The foreign currency financial statements of overseas operations shall be translated into CNY statements in the following ways: the assets and liabilities in the balance sheet shall be translated at the spot exchange rate of the balance sheet date; Shareholders' equity items except "undistributed profit" items, other items are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated using the spot

exchange rate on the date of occurrence of the transaction. The undistributed profit at the end of the previous year is the undistributed profit at the end of the previous year after conversion; The undistributed profit at the end of the period is calculated and shown on the basis of each item of profit distribution after translation; The difference between the total amount of asset items and liability items and shareholders' equity items after translation is recognized as the difference in the translation of foreign currency statements and other comprehensive income. Upon disposal of an overseas operation and loss of control, the conversion difference of the foreign currency statement related to the overseas operation, as shown below in the shareholders' equity item in the balance sheet, shall be transferred to the profit or loss of the disposal of the current period in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate on the date of occurrence of the cash flows. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as a reconciliation item.

The figures at the end of the previous year and the actual figures for the previous year are shown in accordance with the amounts translated into the financial statements of the previous year.

When the Company disposes of all the owner's equity in overseas operations or loses control of overseas operations due to the disposal of part of the equity investment or other reasons, all the translation differences in the foreign currency statements related to the overseas operations attributable to the owner's equity of the parent company as shown below in the shareholders' equity item in the balance sheet are transferred to the profit or loss of the disposal period.

When part of the equity investment is disposed of or other reasons cause the proportion of overseas operating interests to be reduced but the control of overseas operations is not lost, the difference in the translation of foreign currency statements related to the overseas operating disposal part will be attributed to the minority shareholders' equity and will not be transferred to the current profit or loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the difference in the translation of foreign currency statements related to the overseas operation is transferred to the profit or loss of the disposal period in proportion to the disposal of the overseas operation.

10.Financial instruments

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and contractual cash flow characteristics of financial assets, the company divides financial assets into: financial assets

measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial liabilities measured at fair value with changes included in current profit and loss

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or

significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other finance liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial right to receive cash flow of such financial assets is terminated, assets meeting one of the following conditions are de-recognized: ① Termination of the contractual right to receive cash flows from the financial asset ② such financial assets have been transferred, and almost all

risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

11. Impairment of financial assets

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes

credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

For financial instruments with lower credit risks on the balance sheet date, the company assumes their credit risks have not increased significantly since initial recognition, and chooses to measure loss provision based on expected credit losses within the next 12 months.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period of contract or affect defaulting probability;

4) Whether expected performance and repayment behavior of the debtor has changed significantly;

5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Accounting treatment method of financial asset impairment

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as an impairment loss; If it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

(4) Method for recognizing credit losses of various financial assets

① Notes receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. In addition to notes receivable with individual assessment of credit risks, based on credit risk characteristics of notes receivable, the basis for determining portfolio is as follows:

The basis for determining notes receivable portfolio is as follows:

Portfolio of notes receivable 1 Commercial acceptance bill

Portfolio of notes receivable 2 Bank acceptance bill

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, based on their credit risk characteristics, the basis for determining portfolio is as follows:

Accounts receivable Portfolio 1 Aging combination

Accounts receivable Portfolio 2 Low risk portfolio

Accounts receivable Portfolio 3 Combination of related parties within the scope of

consolidation

Among them, the low risk portfolio mainly refers to export tax rebate, Finance Bureau, non tax bureau, special funds collected and paid on behalf of others, trade receivables within one year, Binzhou Municipal State-owned enterprises, etc

The basis for determining the portfolio of contract assets is as follows:

Portfolio 1 of other Engineering construction projec
receivables

Portfolio 2 of other PPP projects with financial asset models in the construction
receivables phase

Portfolio 3 of other Expired warranty deposit
receivables

For other receivables classified into portfolios, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or entire duration, with reference to historical credit loss experience, combined with current status and future economic status forecast.

③Other receivables

Our company measures impairment losses based on whether the credit risk of other receivables has significantly increased since initial recognition, using an amount equivalent to the expected credit loss for the next 12 months or the entire duration. In addition to other receivables assessed for credit risk individually, the basis for determining the portfolio based on their credit risk characteristics is as follows: The basis for determining the portfolio of contract assets is as follows:

Contract Portfolio 1 interest receivable

Contract Portfolio 2 dividend receivable

Contract Portfolio 3 other receivables

For other receivables divided into portfolios, our company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and calculates expected credit losses based on default risk exposure and expected credit loss rates for the next 12 months or the entire duration

④Long-term receivables

The Company measures long-term receivables impairment losses by an amount equivalent to expected credit losses over the next 12 months, or over the duration, based on whether its credit risk has increased significantly since the initial recognition. In addition to long-term receivables that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Long-term receivables portfolio 1 Commodity sales charged by installments

Long-term receivables portfolio 2 Long-term financing funds receivable
 Long-term receivables portfolio 3 Other funds

For receivables classified into portfolios, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the entire duration, with reference to historical credit loss experience, combined with current status and future economic status forecast.

⑤ creditor investment, other creditor investment

For creditor investments and other creditor investments, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or entire duration, according to the investment nature, as well as various types of counterparty and risk exposure.

12.Inventory

(1) Classification of inventory

Inventories mainly include contract performance costs, land assets, development costs, development products, etc.

(2) The pricing method issued

Inventory is valued at actual cost upon acquisition. The cost of developing products (development cost) includes land transfer fee, infrastructure expenditure, construction and installation project expenditure, borrowing cost incurred before the completion of the development project and other related expenses during the development process. The cost of goods in stock includes procurement cost, transportation cost and other costs. Land inventory, development costs, development products issued on a case-by-case basis; The weighted average method is used when inventory goods are received and issued.

(3) The inventory system shall be a perpetual inventory system.

(4) The amortization method of low-value consumables and packaging

Low-value consumables are amortized on the single amortization method at the time of use; Packaging is amortized on the single amortization method at the time of receipt.

(5) The recognition standard and accounting method of the reserve for inventory decline

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The provision for inventory devaluation is usually based on the difference between the higher cost of a single inventory item and its net realizable value.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(6) Method for development cost accounting

Costs of the company's development projects include:

- ① Compensation fees for land acquisition and demolition: gathered expenses incurred for purchasing or participating in land auction of real estate development, including land prices, resettlement fees, compensations for demolition of existing buildings, deed taxes, auction service fees, etc.
- ② Preliminary engineering costs: gathered expenses of planning, design, feasibility study, hydrogeological investigation, surveying and mapping, site leveling, etc before development.
- ③ Infrastructure costs: gathered infrastructure costs of water supply, power supply, gas supply, sewage discharge, flood drainage, communications, lighting, greening, sanitation facilities, light projects and roads, etc incurred during the development process.
- ④ Architectural installation engineering costs: gathered all architectural installation engineering costs and equipment costs incurred during the construction and development process according to the architectural installation engineering construction drawings.
- ⑤ Ancillary facility costs: gathered costs of public ancillary facilities incurred in the development projects, such as boiler rooms, water towers (tanks), bicycle sheds, public security fire control rooms, power distribution rooms, public toilets, kindergartens, schools, recreational and sports facilities, clubs, neighborhood committees and garbage rooms, etc.

Indirect development expense: the expense that is incurred by organization, management and development engineering at the development project site, cannot be directly determined to bear by a certain project and shall be distributed among development projects in accordance with certain standards at the end of month. Including: borrowing cost incurred before the completion of development project, engineering management department office expense, telephone expense, transportation and business trip expense, repair expense, labor protection expense, depreciation expense, low-value consumable amortization, turnover house amortization, management agency personnel remuneration and other expenditures.

When the development project is completed, and meets the housing handover conditions upon inspection and acceptance of relevant government department, calculate or estimate the total saleable area of development products such as residential buildings, shops, offices and parking spaces for sale, apportion the gathered development costs among all development products as per the ratio of salable area of each development product to total salable area, and calculate the actual costs of all development products. If final accounts have not been conducted, include in the development products at the estimated cost, and adjust the development products according to the difference between actual cost and estimated cost, after the final accounts.

(7) Accounting method for development land

Development land refers to the land use right purchased by the company and planned for real estate development is accounted in the “inventory-intended development land” item, and its book value is transferred into the “inventory-development cost” item for accounting when such land is developed.

For pure land development project, its expenses separately constitute land development costs.

Along with the real estate development projects as a whole, calculate the share of development cost charged into the project as per the floor area of development project; if the land plot ratio of various development projects is so large that it is unreasonable to calculate the share as per the floor area, the share is calculated as per the construction area of development projects.

13. Contractual assets

The Company presents in the balance sheet as a contractual asset the right to receive payments from customers for which the customer has not paid the contractual consideration but for which the Company has performed its obligations under the contract and which are not unconditional (i.e. dependent only on the passage of time). Contract assets and liabilities under the same contract shall be presented in net amount, and contract assets and liabilities under different contracts shall not be offset.

For the determination method and accounting treatment method of expected credit loss of contract assets, see Note III.11. Financial assets impairment.

14. Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note III, 10 “Financial instruments”.

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner’s equity of the merged party in the ultimate

controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash paid by the company, the fair value of equity securities issued by the company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the

long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net

assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note III, 5, (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has been accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income

recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

15. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Mainly including: Rented land use right、Land use right held and ready for transfer after appreciation、Rented buildings. In addition, vacant buildings held by the Company for operational rental are also reported as investment real estate if the Board of Directors (or a similar body) makes a written resolution expressly stating that they will be used for operational rental and that the intention to hold them will not change in the short term.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenses are included in current profit or loss when incurred.

The Company uses a cost model for subsequent measurement of investment real estate and depreciates or amortizes it in accordance with policies consistent with buildings or land use rights.

The company adopts cost model for subsequent measurement of investment real estate, and the method for accrual asset impairment is shown in Note III, 19 “Long-term asset impairment”.

When self-use real estate or inventory is converted into investment real estate or investment real estate is converted into self-use real estate, the book value before conversion is taken as the recorded value after conversion.

When the purpose of the investment real estate is changed for self-use, the investment real estate shall be converted into fixed assets or intangible assets from the date of change. When the use of self-used real estate is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment real estate from the date of change. When conversion occurs, if it is converted to investment real estate measured by the cost mode, the book value before conversion shall be taken as the recorded value after conversion; In the case of conversion to investment real estate measured in the fair value mode, the fair value on the conversion date shall be taken as the recorded value after conversion.

When the investment real estate is disposed of or permanently retired from use and it is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or destruction of investment real estate is included in current profit or loss after deducting its carrying value and related taxes.

16. Investment Real Estate

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciations	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20-50	5	1.90-4.75
Machinery and	Straight-line method	10	5	9.50

Category	Depreciations	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
equipment				
office equipment	Straight-line method	3-5	5	19.00-32.33
Transport equipment	Straight-line method	5	5	19.00
Other	Straight-line method	3-5	5	19.00-32.33

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note III, 21 “Long-term Asset Impairment”.

(4) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

17. Construction in progress

The construction of the company is divided into two types: self-operated construction and outsourcing construction. The fixed assets of the project under construction shall be carried forward when the project is completed and reaches the pre-intended usable state. The criteria for determining the intended serviceability state shall meet one of the following conditions: the physical construction (including installation) of the fixed assets has been completed or substantially completed; Has been in trial production or trial operation, and the results show that the asset can operate normally or can produce qualified products stably, or the results of the trial operation show that it can operate or operate normally; The amount of expenditure on the fixed assets of the construction is little or no longer occurring; The fixed assets purchased and built have met the design or contract requirements, or are basically in accordance with the design or

contract requirements.

When the construction under construction reaches the predetermined usable state, the fixed assets shall be transferred according to the actual cost of the project. If it has reached the predetermined usable state but has not yet handled the final account for completion, it shall be transferred to the fixed assets according to the estimated value, and the original provisional value shall be adjusted according to the actual cost after the final account for completion, but the depreciation originally accrued shall no longer be adjusted.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note III, 19 “Long-term Asset Impairment”.

18. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and other assets that need a considerable period of time for acquisition and construction or production activities to reach their intended serviceable or marketable status

19.Intangible assets**(1)Intangible assets**

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized

The useful life, determination basis, and amortization method of intangible asset projects with limited useful life are as follows:

Items	Expected service life (years)	The basis for determining the service life
Land use right	50	Statutory right to use
Software and Other	10	The service life is determined by referring to the period that can bring economic benefits to the company
Concession	Operation period	PPP project operation contract

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

20.Long term deferred expenses

Long-term deferred expenses refer to expenses that have occurred but should be borne by the reporting period and subsequent periods with a amortization period of more than one year. The long-term deferred expenses are amortized by installments over the expected benefit period.

21.Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, right-of-use asset, investment real estate measured in

cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

22.Contract liabilities

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers

commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

23.Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-dismissal welfare plan includes defined contribution plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

When terminating the employment relationship with an employee before the expiration of the labor contract, or proposing compensation to encourage employees to voluntarily accept layoffs, and the company cannot unilaterally withdraw the termination benefits provided due to the termination of the employment relationship plan or layoff proposal, or when the company recognizes the costs related to the restructuring involving the payment of termination benefits, whichever is earlier, the employee compensation liability arising from termination benefits shall be recognized and included in the current period's profit and loss. If the expected termination benefits cannot be fully paid within twelve months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

24.Revenue

When the contract between the company and customers meets the following conditions

simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price allocated to that individual performance obligation as revenue during the relevant performance period according to the performance progress: the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; Customers are able to control the goods under construction during the performance process of our company; The products produced during the performance process of our company. The goods produced have an irreplaceable purpose, and our company has the right to collect payments for the completed performance portion throughout the entire contract period. The performance progress is determined using the input-output method based on the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the costs already incurred by the company are expected to be compensated, revenue is recognized based on the amount of costs already incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers, which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on

ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

25. Contract cost

If the incremental cost incurred by the group to obtain the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract. If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises other than the accounting standards for business enterprises No.14 - Revenue (revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset as the cost of contract performance: ① the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by customers and other costs incurred only because of the contract; ② This cost increases the resources that the group will use to fulfill its performance obligations in the future; ③ The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the recognition of commodity income related to the assets and included in current profits and losses.

26. Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in

amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any).

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

27. Deferred income tax assets/deferred income tax liabilities

Based on the difference between the carrying value of an asset or liability and its tax basis (if the tax basis of an item not recognized as an asset or liability can be determined in accordance with the provisions of the tax law, the difference between the tax basis and its carrying amount), the deferred income tax asset or deferred income tax liability is calculated and recognized at the applicable tax rate during the expected recovery of the asset or settlement of the liability.

Deferred tax assets are recognized to the extent that taxable income is likely to be obtained against deductible temporary differences. At the balance sheet date, where there is solid evidence that it is likely that sufficient taxable income will be obtained in future periods to offset deductible temporary differences, deferred tax assets that have not been recognized in previous accounting periods are recognized.

On the balance sheet date, the carrying value of the deferred income tax asset is reviewed and the carrying value of the deferred income tax asset is written down if it is likely that sufficient taxable income will not be obtained in the future period to offset the benefits of the deferred income tax asset. Reverse the amount written down when it is likely that sufficient taxable income will be obtained.

The current income tax and deferred income tax of the Company are recorded as income tax expense or gain in the current profit or loss, but the income tax arising from the following circumstances are excluded: A transaction or event recognized directly in the owner's equity.

Where there is a statutory right to net settlement and the intention is to net settlement or the acquisition of assets and the settlement of liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company are presented as the net offset.

28. lease

(1) The Company acts as a lessee

At the beginning of the lease term, the Company recognizes the right of use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense respectively during the lease term.

The Company uses the straight-line method to charge lease payments for short-term leases and low-value asset leases to current expenses during each period of the lease term.

① right to use assets

The term "right to use" refers to the lessee's right to use the leased asset during the lease

term. On the commencement date of the lease term. Use rights assets are initially measured at cost. The cost includes: (1) the initial measurement amount of the lease liability; ② The amount of the lease payment paid on or before the start date of the lease term, if there is a lease incentive, less the amount related to the lease incentive that has been enjoyed; (3) Initial direct expenses incurred by the lessee; (4) The costs that the Lessee expects to incur in order to dismantle and remove the leased asset, rehabilitate the premises where the leased asset is located, or restore the leased asset to its condition as agreed in the lease terms.

The depreciation of the Company's right to use assets shall be classified by the average life method. If it can be reasonably ascertained that the ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be calculated during the estimated remaining useful life of the leased asset; Where there is no reasonable certainty that ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be accrued during the shorter of the lease term and the remaining useful life of the leased asset.

The Company shall, in accordance with the relevant provisions of the Accounting Standard for Business Enterprises No. 8 - Asset Impairment, determine whether the right of use assets have been impaired and conduct accounting treatment.

② Lease liabilities

Lease liabilities are initially measured at the present value of outstanding lease payments on the commencement date of the lease term. The amount of the lease payment includes: (1) the fixed payment amount (including the actual fixed payment amount), if there is a lease incentive, the amount related to the lease incentive is deducted; Variable lease payments depending on the index or ratio; (3) the amount expected to be paid based on the remaining value of the guarantee provided by the lessee; (d) the exercise price of the purchase option, provided that the Lessee reasonably determines that the option will be exercised; The amount payable to exercise the option to terminate the lease, provided that the lease term reflects that the Lessee will exercise the option to terminate the lease;

The Company uses the lease intrinsic rate as the discount rate; If the inherent interest rate of the lease cannot be reasonably determined, the Company's incremental borrowing rate will be used as the discount rate. The Company calculates the interest expense of the lease liability during each period of the lease term at a fixed cyclical interest rate and includes it in the finance expense. This cyclical rate refers to the discount rate or revised discount rate adopted by the Company.

Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit or loss when actually incurred.

When the Company's evaluation of the renewal option, termination option or purchase option changes, the lease liability is remeasured at the present value calculated by the changed lease payment amount and the revised discount rate, and the carrying value of the right to use asset is adjusted accordingly. In the event of a change in the actual lease payment, the estimated amount payable on the guarantee balance, or a variable lease payment depending on an index or ratio, the lease liability is remeasured at the present value of the changed lease payment and the original discount rate, and the carrying value of the right to use asset is adjusted accordingly.

(3) Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term not exceeding 12 months on the commencement date of the lease) and low-value assets (with a value less than \$2,000), the Company adopts a simplified approach, does not recognize the right of use assets and lease liabilities, and credits the lease payments to the relevant asset cost or current profit or loss in accordance with the straight-line method or other systematic and reasonable methods during each period of the lease term.

(2) The Company acts as lessor

① Operating leasing

The Company uses the straight-line method to recognize lease receipts from operating leases as rental income for each period of the lease term. Variable lease payments relating to operating leases that are not included in lease collections are recognised in current profit or loss when actually incurred.

② Financial leasing

On the commencement date of the lease term, the Company recognizes the financial lease payments receivable and terminates the recognition of the financial lease assets. Financial lease receivables are initially measured at the net lease investment (the sum of the unsecured balance and the unreceived lease proceeds at the beginning date of the lease term at the present value of the discounted intrinsic interest rate of the lease), and interest income is recognized during the lease term at a fixed periodic interest rate. Variable lease payments obtained by the Company that are not measured in net lease investments are recognised in profit or loss when actually incurred.

29.Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

① Interpretation of accounting standards for enterprises No.17

On October 25, 2023, the Ministry of Finance issued the interpretation of accounting standards for enterprises No.17 (Accounting [2023] No.21, hereinafter referred to as interpretation No.17), which will come into effect on January 1, 2024. The company will implement the provisions of interpretation No.17 from January 1, 2024. The implementation of the relevant provisions of interpretation No.17 has no material impact on the financial statements of the company during the reporting period.

② Interpretation of accounting standards for enterprises No.18

The compilation of guidelines for the application of accounting standards for business enterprises 2024 issued by the Ministry of Finance in March 2024 and the interpretation of accounting standards for business enterprises No.18 issued on December 6, 2024 stipulate that warranty costs should be included in operating costs. The company has implemented the regulation since 2024, and the guaranteed quality assurance fee has been included in the operating cost. The implementation of the relevant provisions of interpretation No.18 has no material impact on the financial statements of the company during the reporting period.

(2) Accounting estimate change

Major accounting estimates are not changed during the reporting period.

IV. Tax items**1. Main tax categories and tax rates**

Tax category	Tax calculation basis	Tax rate or levy rate
VAT	The output tax of taxable income shall be calculated at the tax rates of 13%, 9% and 6%, and the value-added tax shall be calculated and paid according to the difference after deducting the input tax allowed to be deducted in the current period. The value-added tax shall be calculated at the tax rate of 5% for the simple collection of land transfer income.	13%、9%、6%、5%
Urban maintenance and construction tax	Actually paid turnover tax	7%
Education surcharge	Actually paid turnover tax	3%
Local education surcharge	Actually paid turnover tax	2%
Corporate income	Income tax payable	15%, 25% and

Tax category	Tax calculation basis	Tax rate or levy rate
tax		overseas subsidiaries shall be paid at the statutory tax rate of the country or region where they are located

V. Notes on consolidated financial statement items

In the following note items (including main item notes of corporate financial statement), unless otherwise specified, “the end of the period” refers to 31 December 2025, “the end of last year” refers to 31 December 2024, “the current period” refers to the year 2025, and “at the end of the previous period” refers to the year 2024.

1. Cash and Cash Equivalents

Items	Closing balance	Previous year ending balance
Cash on hand	236,292.83	164,173.59
Bank savings	3,930,379,791.46	4,983,454,048.52
Other monetary funds	453,718,217.73	506,273,894.31
Interest receivable not due	601,450.43	1,208,768.05
Total	4,384,935,752.45	5,491,100,884.47

(1) As of December 31, 2025, the balance of CNY 453,718,217.73 in other monetary funds includes the wage guarantee deposit for migrant workers, bank acceptance guarantee deposit (including restricted guarantee interest), letter of credit guarantee deposit, letter of guarantee deposit, and fixed deposit certificates.

2. Financial assets held for trading

Items	Closing balance	Previous year ending balance
Financial plan investment	1,671,428.57	
Trust Fund	450,000,000.00	
Total	451,671,428.57	

3. Notes receivable

(1) Classification and listing

Items	Closing balance	Previous year ending balance
Bank acceptance bill	35,597,960.78	7,946,404.49
Commercial acceptance bill	7,458,983.69	16,750,922.91
Supply Chain	87,200.00	100,000.00
Subtotal	43,144,144.47	24,797,327.40
Less: Bad debt provision	260,005.44	30,674.45
Total	42,884,139.03	24,766,652.95

4.Accounts receivable**(1) Disclosure by age**

Aging	Closing balance	Previous year ending balance
Within 1 year	2,468,227,709.17	2,628,378,168.22
1-2 years	954,278,299.76	460,973,500.41
2-3 years	124,254,544.64	151,598,181.72
Over 3 years	1,570,821,895.18	1,701,568,848.46
Subtotal	5,117,582,448.75	4,942,518,698.81
Less: Bad debt provision	468,233,277.63	437,759,884.08
Total	4,649,349,171.12	4,504,758,814.73

(2) Provision for bad debts

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debt reserve	154,236,020.26	3.01	154,236,020.26	100.00	
Accounts receivable for which bad debt provision has been assessed by portfolios	4,963,346,428.49	96.99	313,997,257.37	6.33	4,649,349,171.12
Among them: Aging combination	1,912,360,008.52	37.37	298,743,102.14	15.62	1,613,616,906.38
Low risk combination	3,050,986,419.97	59.62	15,254,155.23	0.50	3,035,732,264.74
Total	5,117,582,448.75	100.00	468,233,277.63	9.15	4,649,349,171.12

(Continued)

Category	Previous year ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debt reserve	154,236,020.26	3.12	154,236,020.26	100.00	
Accounts receivable for which bad debt provision has been assessed by portfolios	4,788,282,678.55	96.88	283,523,863.82	5.92	4,504,758,814.73
Among them: Aging combination	1,625,756,963.53	32.89	267,711,235.23	16.47	1,358,045,728.30
Low risk combination	3,162,525,715.02	63.99	15,812,628.59	0.50	3,146,713,086.43

Category	Previous year ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Total	4,942,518,698.81	100.00	437,759,884.08	8.86	4,504,758,814.73

(3) Accounts receivable of the top five ending balances collected by debtors

The total amount of the top five accounts receivable collected by the debtor in this period is CNY 2,126,204,697.62, accounting for 41.55% of the total ending balance of accounts receivable.

5. Accounts receivable financing

Items	Closing balance	Previous year ending balance
Notes receivable	20,000.00	
Total	20,000.00	

6. Advances to suppliers**(1) Disclosure by age**

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	617,206,624.37	92.57	744,457,211.01	91.19
1-2 years	26,692,085.73	4.00	68,282,770.82	8.36
2-3 years	22,813,905.22	3.42	3,659,261.40	0.45
More than 3 years			508.28	0.00
Total	666,712,615.32	100.00	816,399,751.51	100.00

7. Other receivables

Items	Closing balance	Previous year ending balance
Dividends Receivable	30,667,060.14	
Other receivables	2,596,584,830.46	5,433,496,013.96
Total	2,627,251,890.60	5,433,496,013.96

(1) Dividends Receivable

Items	Closing balance	Previous year ending balance
Dividends during the investment holding period	30,667,060.14	
Total	30,667,060.14	

(2) Other receivables**① Disclosure by age**

Aging	Closing balance	Previous year ending balance
Within 1 year	1,171,243,212.94	2,657,335,916.52
1-2 years	271,922,328.06	506,232,244.05
2-3 years	133,756,074.65	904,088,388.27
Over 3 years	1,438,383,362.70	1,815,780,624.44
Subtotal	3,015,304,978.35	5,883,437,173.28
Less: Bad debt provision	418,720,147.89	449,941,159.32
Total	2,596,584,830.46	5,433,496,013.96

② Bad debt provision

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Previous year ending balance	254,511,383.69	2,317,284.23	193,112,491.40	449,941,159.32
Provision for this period	25,641,245.98	1,924,897.66	9,441,079.53	37,007,223.17
Current period reversal	62,033,833.68		6,194,400.92	68,228,234.60
Current write off				
Closing balance	217,805,909.26	4,555,068.62	196,359,170.01	418,720,147.89

③ Other receivables with the top five ending balances collected by debtor

The total amount of the top five other receivables collected by the debtor in this period is CNY 863,161,070.13, accounting for 28.63% of the total ending balance of other receivables.

8. Inventory

(1) Inventory classification

Items	Closing balance		
	Book balance	Inventory falling price reserves	Book value
Raw materials	186,451,375.16	22,163,348.65	164,288,026.51
Goods in process of manufacture	49,000,637.91	7,016,553.48	41,984,084.43
Inventory	973,133,735.74	240,539,715.10	732,594,020.64
Entrusted processing materials	7,816,283.58		7,816,283.58
Development cost	3,758,709,212.69		3,758,709,212.69

Items	Closing balance		
	Book balance	Inventory falling price reserves	Book value
Develop products	2,126,750,295.25		2,126,750,295.25
Turnover materials	42,099.79		42,099.79
Materials in transit	9,597.35		9,597.35
Contract performance costs	5,015,045,217.07		5,015,045,217.07
Land and housing inventory	3,671,779,785.03		3,671,779,785.03
Low value consumables	6,673,381.60		6,673,381.60
Total	15,795,411,621.17	269,719,617.23	15,525,692,003.94

(Continued)

Items	Previous year ending balance		
	Book balance	Inventory falling price reserves	Book value
Raw materials	267,541,980.35	20,747,656.44	246,794,323.91
Goods in process of manufacture	58,455,425.42	7,374,775.09	51,080,650.33
Inventory	988,509,613.87	160,367,915.49	828,141,698.38
Entrusted processing materials	6,560,116.80		6,560,116.80
Development cost	3,167,552,944.37		3,167,552,944.37
Develop products	2,223,218,830.59		2,223,218,830.59
Turnover materials	43,771.06		43,771.06
Materials in transit	5,309.73		5,309.73
Contract performance costs	4,826,336,614.92		4,826,336,614.92
Land and housing inventory	3,671,382,748.23		3,671,382,748.23
Low value consumables	4,416,557.62		4,416,557.62
Total	15,214,023,912.96	188,490,347.02	15,025,533,565.94

9. Contractual assets

(1) Contractual assets classification

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Engineering construction	225,365,948.39		225,365,948.39
Total	225,365,948.39		225,365,948.39

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for impairment	Book value
Engineering construction	75,980,214.87		75,980,214.87
Total	75,980,214.87		75,980,214.87

10. Non-current assets due within one year

Items	Closing balance	Previous year ending balance
Long term deferred expenses with amortization period less than one year	9,712.44	94,594.53
Long term certificates of deposit and unexpired interest	104,572,589.93	
Total	104,582,302.37	94,594.53

11. Other current assets

Items	Closing balance	Previous year ending balance
VAT credit and Prepaid tax	520,155,102.71	432,015,964.52
Debt investments	1,341,507,175.39	
Deferred expenses	55,438.47	99,284.01
Total	1,861,717,716.57	432,115,248.53

12. Debt investments

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Long term certificates of deposit and unexpired interest	254,873,953.09		254,873,953.09	348,560,363.65		348,560,363.65
Other	2,829,900,569.79	10,099,420.60	2,819,801,149.19			
Total	3,084,774,522.88	10,099,420.60	3,074,675,102.28	348,560,363.65		348,560,363.65

13. Long-term receivables**(1) Long term accounts receivable situation**

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Installment sales	1,344,903,184.00	6,724,515.92	1,338,178,668.08	1,344,903,184.00	6,724,515.92	1,338,178,668.08
Long term financing receivables				745,762,472.58	3,728,812.36	742,033,660.22
Other	2,193,184,168.28	10,965,920.84	2,182,218,247.44	2,856,411,779.70	14,282,058.90	2,842,129,720.80
Total	3,538,087,352.28	17,690,436.76	3,520,396,915.52	4,947,077,436.28	24,735,387.18	4,922,342,049.10

14. Long-term equity investments

Investee	Previous year ending balance	Increases and decreases in current period			
		Additional investment	Reduced investment	Investment gains and losses	Adjustment of other comprehensive income
1. Associates					
Binzhou Asset Management Co., Ltd	331,093,454.54			11,018,200.09	
Shandong Expressway Zhanlin Expressway Co., Ltd	1,563,802,861.51			100,032,380.24	
Binzhou Chengtou Engineering Consulting Co., Ltd	597,753.68			-6,368.10	
Shandong Huidaruihe Assembly Engineering Co., Ltd	6,423,470.17			-4,010,931.44	
Shandong Binbo Hangxiao Green Building Technology Co., Ltd.	18,880,241.83			-7,299,297.10	
Yellow River Delta (Binzhou) Port Management and Operation Co., Ltd	10,000,000.00				
Wudi Minjian Culture&Sports Co., Ltd	73,463.80				
Zouping Guozi Engineering Construction Co., Ltd	490,000.00			2,065,073.26	
Binzhou Jigao Finance and Culture Development Co., Ltd	830,242.20			-369,780.58	
Binzhou Heyue Education Industry Development Group Co., Ltd	64,000,000.00				
Shandong Huizhong Information Technology Co., Ltd	125,000.00				
Beijing Bota Technology Co., Ltd	9,800,000.00				
Total	2,006,116,487.73			101,429,276.37	

(Continued)

Investee	Increases and decreases in current period				Closing balance
	Other equity changes	Declaration of cash dividends or profits	Provision for impairment	Other	
1. Associates					
Binzhou Asset Management Co., Ltd		13,970,177.89			328,141,476.74
Shandong Expressway Zhanlin Expressway Co., Ltd					1,663,835,241.75
Binzhou Chengtou Engineering Consulting Co., Ltd					591,385.58
Shandong Huidaruihe Assembly Engineering Co., Ltd					2,412,538.73
Shandong Binbo Hangxiao Green Building Technology Co., Ltd.					11,580,944.73
Yellow River Delta (Binzhou) Port Management and Operation Co., Ltd					10,000,000.00
Wudi Minjian Culture&Sports Co., Ltd					73,463.80
Zouping Guozi Engineering Construction Co., Ltd					2,555,073.26
Binzhou Jigao Finance and Culture Development Co., Ltd					460,461.62
Binzhou Heyue Education Industry Development Group Co., Ltd					64,000,000.00
Shandong Huizhong Information Technology Co., Ltd					125,000.00
Beijing Bota Technology Co., Ltd					9,800,000.00
Total		13,970,177.89			2,093,575,586.21

15. Other equity instrument investments

Items	Closing balance	Previous year ending balance
Equity instrument investment	6,265,114,910.89	6,133,221,079.07
Total	6,265,114,910.89	6,133,221,079.07

16. Other non-current financial assets

Items	Closing balance	Previous year ending balance
Equity instrument investment	4,040,373,028.29	3,693,027,444.75
Total	4,040,373,028.29	3,693,027,444.75

17. Investment properties**(1) Investment real estate with the model of cost measurement**

Items	Houses and buildings	Land use right	Total
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Items	Houses and buildings	Land use right	Total
I.Original book value			
1.Previous year ending balance	501,055,821.86	162,311,361.20	663,367,183.06
2.Increased amount in current period	811,824,349.51	562,221,760.07	1,374,046,109.58
(1)Purchase		92,900,750.00	92,900,750.00
(2)Transfer in of intangible assets/construction in progress	811,824,349.51	469,321,010.07	1,281,145,359.58
3.Decreased amount in current period		18,455,634.29	18,455,634.29
(1) Disposal or scrapping		18,455,634.29	18,455,634.29
4.Closing balance	1,312,880,171.37	706,077,486.98	2,018,957,658.35
II.Cumulative depreciation and amortization			
Previous year ending balance	12,765,050.52	4,219,896.42	16,984,946.94
Increased amount in current period	12,155,382.87	16,239,248.42	28,394,631.29
(1)Provision	12,155,382.87	9,775,015.16	21,930,398.03
(2) Transfer of intangible assets		6,464,233.26	6,464,233.26
3.Decreased amount in current period			
4.Closing balance	24,920,433.39	20,459,144.84	45,379,578.23
III.Provision for impairment			
Previous year ending balance			
2.Increased amount in current period			
3.Decreased amount in current period			
4.Closing balance			
IV.Book value			
1.Closing Book value	1,287,959,737.98	685,618,342.14	1,973,578,080.12
2.Previous year ending Book value	488,290,771.34	158,091,464.78	646,382,236.12

18. Fixed assets

Items	Closing balance	Previous year ending balance
Fixed assets	2,503,874,308.77	2,571,471,595.01
Fixed asset liquidation	139,488,552.92	274,946,782.35
Total	2,643,362,861.69	2,846,418,377.36

(1)Fixed assets

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic equipment	Other	Total
I.Original book value						
Previous year ending balance	2,631,052,852.96	969,844,367.75	23,043,030.04	96,611,520.49	11,958,318.12	3,732,510,089.36
2.Increased amount in current period	102,348,351.25	48,608,844.34	2,210,043.61	-1,188,787.43	24,280,353.53	176,258,805.30
(1) Purchase	32,007,533.20	34,491,075.25	1,990,237.59	-1,456,510.92	4,580,985.35	71,613,320.47
(2) Transfer of ongoing construction projects	70,340,818.05	14,117,769.09			19,699,368.18	104,157,955.32
(3) Enterprise merger increases			192,446.02	230,524.49		422,970.51
(4) Other transfers			27,360.00	37,199.00		64,559.00
3.Decreased amount in current period	416,704.34	16,905,193.37	1,317,954.86	13,514,741.64	2,011,451.03	34,166,045.24
(1)Disposal or scraping	416,704.34	16,905,193.37	1,317,954.86	13,514,741.64	2,011,451.03	34,166,045.24
4.Closing balance	2,732,984,499.87	1,001,548,018.72	23,935,118.79	81,907,991.42	34,227,220.62	3,874,602,849.42
II.Cumulative depreciation						
Previous year ending balance	503,030,515.58	572,483,898.54	15,300,510.31	62,475,059.31	7,743,560.27	1,161,033,544.01
2.Increased amount in current period	81,619,475.10	93,534,032.12	3,648,162.94	-89,631.74	2,741,820.00	181,453,858.42
(1)Provision	81,619,475.10	93,525,301.94	3,561,498.28	-209,432.68	2,741,820.00	181,238,662.64
(2) Enterprise merger increases			86,664.66	105,587.17		192,251.83
(3) Other transfers		8,730.18		14,213.77		22,943.95
3.Decreased amount in current period	34,683.19	9,424,640.05	723,226.53	1,956,064.72	159,223.86	12,297,838.35
(1)Disposal or scraping	34,683.19	9,424,640.05	723,226.53	1,956,064.72	159,223.86	12,297,838.35
4.Closing balance	584,615,307.49	656,593,290.61	18,225,446.72	60,429,362.85	10,326,156.41	1,330,189,564.08
III. Provision for impairment						
Previous year ending balance				4,950.34		4,950.34
2.Increased amount in current period	15,887,080.80	24,640,753.07		6,192.36		40,534,026.23
(1)Provision	15,887,080.80	24,640,753.07		6,192.36		40,534,026.23
3.Decreased amount in current period						
4.Closing balance	15,887,080.80	24,640,753.07		11,142.70		40,538,976.57
IV. Book value						

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic equipment	Other	Total
1.Closing Book value	2,132,482,111.58	320,313,975.04	5,709,672.07	21,467,485.87	23,901,064.21	2,503,874,308.77
2.Previous year ending Book value	2,128,022,337.38	397,360,469.21	7,742,519.73	34,131,510.84	4,214,757.85	2,571,471,595.01

(2)Fixed asset liquidation

Items	Closing balance	Previous year ending balance
Old factory relocation items	139,488,552.92	274,946,782.35
Total	139,488,552.92	274,946,782.35

19. Construction in progress

Items	Closing balance	Previous year ending balance
Construction in progress	3,416,032,688.05	3,268,612,615.85
Total	3,416,032,688.05	3,268,612,615.85

(1) Construction in progress

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Infrastructure Construction Project of High-speed Railway Logistics Park	1,025,077,959.74		1,025,077,959.74
Binzhou Yellow River Basin Ecological Protection Project	158,494,809.84		158,494,809.84
Cultural Tourism Infrastructure Project of Yellow River Botanical Garden	564,180,965.83		564,180,965.83
Huanghe Tower Construction Project	370,279,579.85		370,279,579.85
Infrastructure Project of Medical and Health Research Transformation Industrial Park	195,918,154.77		195,918,154.77
Binzhou High Speed Rail Area Urban Renewal Project	495,255,477.00		495,255,477.00
Construction Project of Suburban Warehouse Storage and Transportation Base in the Main Urban Area of Binzhou City	46,374,351.98		46,374,351.98
Green and Low Carbon Demonstration Industrial Park Project in Binzhou High speed Railway Area	112,865,752.51		112,865,752.51
Talent Apartment Building and Comprehensive Service Building Construction Project	19,899,074.86		19,899,074.86
Binzhou Smart City Comprehensive Service Informatization	45,787,646.31		45,787,646.31

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Transformation Project			
Binzhou High speed Railway Station Comprehensive Transportation Hub Project	303,811,810.88		303,811,810.88
Other Sporadic Projects	78,087,104.48		78,087,104.48
Total	3,416,032,688.05		3,416,032,688.05

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for impairment	Book value
Infrastructure Construction Project of High-speed Railway Logistics Park	917,339,022.17		917,339,022.17
Binzhou Yellow River Basin Ecological Protection Project	153,565,615.39		153,565,615.39
Cultural Tourism Infrastructure Project of Yellow River Botanical Garden	503,358,636.41		503,358,636.41
Smart Green Factory	1,930,773.27		1,930,773.27
Huanghe Tower Construction Project	454,758,546.31		454,758,546.31
Infrastructure Project of Medical and Health Research Transformation Industrial Park	234,675,962.62		234,675,962.62
National Health Culture Center	930,313,860.79		930,313,860.79
Yangliuxue Binsheng Group Centralized Isolation Medical Observation Site	52,395,279.53		52,395,279.53
Talent Apartment Building and Comprehensive Service Building Construction Project	2,267,728.72		2,267,728.72
Binzhou Smart City Integrated Service Informatization Transformation Project	10,630,494.44		10,630,494.44
Binzhou High-speed Railway Station Integrated Transportation Hub Project	2,542,309.55		2,542,309.55
Other Minor Works	4,834,386.65		4,834,386.65
Total	3,268,612,615.85		3,268,612,615.85

20. Bearer biological assets

Items	Planting industry	Total
I. Original book value		
1.Previous year ending balance	72,970,903.00	72,970,903.00

Items	Planting industry	Total
2.Increased amount in current period		
3.Decreased amount in current period		
4.Closing balance	72,970,903.00	72,970,903.00
II. Accumulated amortization		
1. Previous year ending balance	6,694,516.07	6,694,516.07
2. Increased amount in current period	2,773,523.06	2,773,523.06
(1) Provision	2,773,523.06	2,773,523.06
3. Decreased amount in current period		
4. Closing balance	9,468,039.13	9,468,039.13
III. Provision for impairment		
1. Previous year ending balance		
2. Increased amount in current period		
3. Decreased amount in current period		
4. Closing balance		
IV. Book value		
1.Closing Book value	63,502,863.87	63,502,863.87
2.Previous year ending Book value	66,276,386.93	66,276,386.93

21. Intangible assets

(1)Classification of Intangible assets:

Items	Land use right	Trademark	PPP Project Items	Software and Other	Sea area use right	Total
I.Original book value						
1.Previous year ending balance	1,920,582,262.50	2,923,208.56	5,318,919,987.95	26,981,653.88	7,261,490.24	7,276,668,603.13
2.Increased amount in current period	5,376,681.17	522,419,575.16	286,222,235.87	1,537,611.14		815,556,103.34
(1)Purchase	5,376,681.17	19,901.00		1,537,611.14		6,934,193.31
(2)Transfer of contract assets/construction in progress			286,222,235.87			286,222,235.87
(3)Shareholder investment		522,399,674.16				522,399,674.16
3.Decreased amount in current period	469,321,010.07			324,650.00	413,701.50	470,059,361.57
(1)Disposal					413,701.50	413,701.50

Items	Land use right	Trademark	PPP Project Items	Software and Other	Sea area use right	Total
(2)Transferred to investment property	469,321,010.07					469,321,010.07
(3)Other transfers out				324,650.00		324,650.00
4.Closing balance	1,456,637,933.60	525,342,783.72	5,605,142,223.82	28,194,615.02	6,847,788.74	7,622,165,344.90
II.Accumulated amortization						
1.Previous year ending balance	146,505,393.39	2,898,437.55	315,261,861.48	16,049,811.89	356,419.20	481,071,923.51
2.Increased amount in current period	25,637,394.46	13,551.77	150,909,211.78	1,989,475.46		178,549,633.47
(1)Provision	25,637,394.46	13,551.77	150,909,211.78	1,989,475.46		178,549,633.47
3.Decreased amount in current period	6,464,233.26	-6,070.85		6,070.85		6,464,233.26
(1)Transfer to investment real estate	6,464,233.26					6,464,233.26
(2)Other		-6,070.85		6,070.85		
4.Closing balance	165,678,554.59	2,918,060.17	466,171,073.26	18,033,216.50	356,419.20	653,157,323.72
III.Provision for impairment						
1.Previous year ending balance						
2.Increased amount in current period						
3.Decreased amount in current period						
4.Closing balance						
IV.Book value						
1.Closing Book value	1,290,959,379.01	522,424,723.55	5,138,971,150.56	10,161,398.52	6,491,369.54	6,969,008,021.18
2.Previous year ending Book value	1,774,076,869.11	24,771.01	5,003,658,126.47	10,931,841.99	6,905,071.04	6,795,596,679.62

22. Long-term prepaid expense

Items	Previous year ending balance	Increase in current period	Current amortization Amount	Other decreases Amount	Closing balance
Advanced Research Institute Project	7,599,270.64	2,635,531.28	263,553.13		9,971,248.79
Green warehousing project	5,374,202.65		555,951.96		4,818,250.69
Other	1,306,803.02	3,635,057.50	361,534.36		4,580,326.16
Start up fee	4,834,069.82		2,374,080.72		2,459,989.10
Renovation fee	1,522,410.25	470,396.88	415,683.27		1,577,123.86
Total	20,636,756.38	6,740,985.66	3,970,803.44		23,406,938.60

23. Deferred tax assets/Deferred income taxes

Items	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Impairment of Assets	246,410,547.04	61,602,636.76	298,109,978.92	74,527,494.73
Unrealized internal transaction gains and losses	1,249,534.68	312,383.67	912,337.24	228,084.31
Fair value changes	73,017,055.64	18,254,263.91		
Total	320,677,137.36	80,169,284.34	299,022,316.16	74,755,579.04

24. Other non-current assets

Items	Closing balance	Previous year ending balance
Prepayment of long-term assets such as engineering and equipment	756,000.15	462,850.00
Debt paying assets	12,003,943.00	12,003,943.00
Proxy equity	288,676,399.44	364,520,103.98
Advance payment for land	420,000,000.00	420,000,000.00
Equity advance	30,000,000.00	30,000,000.00
Total	751,436,342.59	826,986,896.98

25. Short-term borrowings

Items	Closing balance	Previous year ending balance
Pledged loan	49,600,000.00	19,570,000.00
Credit borrowing	462,817,383.31	619,632,350.55
Guaranteed borrowings	1,810,330,000.00	1,393,315,289.81
Mortgages	321,754,343.25	328,840,000.00
Mortgage+guarantee	10,000,000.00	39,900,000.00
Pledge+guarantee	294,100,000.00	284,400,000.00

Items	Closing balance	Previous year ending balance
Accrued interest on short-term borrowings	1,348,910.91	2,115,713.38
Total	2,949,950,637.47	2,687,773,353.74

26. Notes payable

Items	Closing balance	Previous year ending balance
Bank acceptance bill	335,303,300.00	447,988,854.79
Commercial acceptance bill	21,142,639.17	9,708,241.18
Supply Chain		28,550,500.00
Total	356,445,939.17	486,247,595.97

27. Trade payables**(1) List of payables**

Items	Closing balance	Previous year ending balance
Payable long-term assets	32,291,651.53	13,995,910.60
Payables for goods and engineering	4,682,904,900.93	5,382,914,150.88
Service fees payable	15,499,936.32	10,379,702.63
Other	6,094,492.99	925,470.31
Total	4,736,790,981.77	5,408,215,234.42

28. Advances from customers

Items	Closing balance	Previous year ending balance
Rental payment	5,276,567.87	11,111,997.64
Total	5,276,567.87	11,111,997.64

29. Contract liabilities

Items	Closing balance	Previous year ending balance
Advance receipt of cargo and service funds	722,740,431.14	468,019,104.47
Advance payment	6,537,305.40	
Land development funds	131,657,661.40	74,320,332.08
Total	860,935,397.94	542,339,436.55

30. Employee benefits payable**(1) Presentation of employee remuneration payable**

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	60,000,859.37	507,497,733.84	504,369,152.93	63,129,440.28

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
II. Post-employment welfare - defined contribution plan		65,198,948.76	64,826,899.97	372,048.79
Total	60,000,859.37	572,696,682.60	569,196,052.90	63,501,489.07

(2) Presentation of short-term remuneration

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1.Wages, bonuses, allowances and subsidies	27,384,223.46	398,510,469.63	399,790,053.55	26,104,639.54
2.Employee services and benefits	93,564.20	9,426,316.08	8,558,760.48	961,119.80
3.Social insurance premiums	30,440,770.39	48,205,491.81	47,816,776.69	30,829,485.51
4.Housing fund		41,414,321.25	41,414,321.25	
5.Trade union funds and staff education funds	2,082,301.32	9,941,135.07	6,789,240.96	5,234,195.43
Total	60,000,859.37	507,497,733.84	504,369,152.93	63,129,440.28

(3) List of defined contribution plans

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1.Basic endowment insurance		54,852,258.44	54,852,258.44	
2.Unemployment insurance premium		5,311,140.93	5,311,140.93	
3.Payment of enterprise annuity		5,035,549.39	4,663,500.60	372,048.79
Total		65,198,948.76	64,826,899.97	372,048.79

31. Taxes payable

Items	Closing balance	Previous year ending balance
VAT	89,619,499.37	78,478,704.42
Corporate income tax	64,009,257.58	62,046,874.77
Individual income tax	2,776,891.97	4,425,801.26
Urban maintenance and construction tax	8,004,709.81	7,476,825.12
Land use tax	23,683,308.29	4,583,982.27
Stamp duty	4,561,346.24	3,111,940.47
Land-value increment tax	400,713.78	1,380,631.42
Education surcharge	3,530,752.53	3,227,476.12
Local education surcharge	1,595,057.31	1,389,824.32
Housing tax	4,618,491.64	4,206,447.41

Items	Closing balance	Previous year ending balance
Local water conservancy project construction fund	84,855.10	92,113.29
Environmental protection tax	4,337.15	46,284.82
Vehicle and vessel usage tax	7,322.00	7,322.00
Total	202,896,542.77	170,474,227.69

32. Other payables

Items	Closing balance	Previous year ending balance
Dividend payable	2,797,494.84	5,209,094.84
Other payables	2,267,073,507.88	2,352,111,999.62
Total	2,269,871,002.72	2,357,321,094.46

(1) Dividend payable

Items	Closing balance	Previous year ending balance
Common stock dividends	2,797,494.84	5,209,094.84
Total	2,797,494.84	5,209,094.84

(2) Other payables

Items	Closing balance	Previous year ending balance
Current account	2,226,258,758.08	2,320,010,788.30
Deposit and margin	8,657,676.04	7,013,858.13
Expense collected and paid on behalf	5,704,373.11	5,231,962.60
Other	26,452,700.65	19,855,390.59
Total	2,267,073,507.88	2,352,111,999.62

33. Non-current liabilities due within one year

Items	Closing balance	Previous year ending balance
Long term loans due within one year	1,878,580,159.99	1,813,286,952.44
Payable bonds due within one year	1,855,000,000.00	3,080,000,000.00
Long term payables due within one year	18,314,000.00	120,319,742.79
Unmatured interest payable due within one year	166,643,989.67	116,950,694.27
Total	3,918,538,149.66	5,130,557,389.50

34. Other current liabilities

Items	Closing balance	Previous year ending balance
Output tax to be transferred	67,847,392.29	45,610,068.97
Commercial acceptance bill	33,961,992.78	5,280,454.93
Total	101,809,385.07	50,890,523.90

35. Long-term borrowing

Items	Closing balance	Previous year ending balance
Pledged loan	2,126,930,856.62	2,481,905,993.03
Mortgages	348,474,957.98	322,089,073.81
Guaranteed borrowings	3,515,716,990.14	2,714,543,937.94
Credit borrowing	163,648,534.40	113,552,616.69
Mortgage+guaranteed loan	1,969,788,602.60	2,175,934,302.60
Pledge+guaranteed loan	3,278,817,200.00	2,718,258,107.30
Pledge+mortgage	173,456,828.72	292,766,391.73
Mortgage+pledge+guaranteed loan	995,536,501.98	887,755,567.81
Subtotal	12,572,370,472.44	11,706,805,990.91
Less : Long-term borrowings due within one year	1,878,580,159.99	1,813,286,952.44
Total	10,693,790,312.45	9,893,519,038.47

36. Bonds payable

(1) Bonds payable

Items	Closing balance	Previous year ending balance
Bonds payable	9,473,215,550.30	9,266,857,075.54
Less: Payable bonds due within one year	1,855,000,000.00	3,080,000,000.00
Total	7,618,215,550.30	6,186,857,075.54

(2) Increase or decrease in payable bonds

Bond name	Denomination	Start and end date		Issuance amount	Previous year ending balance
20 Binzhou 01	800,000,000.00	March 17, 2020	March 17, 2025	800,000,000.00	800,000,000.00
21 Binzhou Chengtou PPN001	500,000,000.00	January 29, 2021	January 29, 2026	500,000,000.00	500,000,000.00
21 Binzhou Chengtou PPN003	300,000,000.00	September 1, 2023	August 31, 2025	300,000,000.00	280,000,000.00
21 Binzhou urban construction MTN001	300,000,000.00	December 2, 2021	December 2, 2026	300,000,000.00	20,000,000.00
22 Binzhou urban construction MTN001	700,000,000.00	July 13, 2022	July 13, 2025	700,000,000.00	700,000,000.00
23 Binzhou urban construction MTN001	300,000,000.00	October 25, 2023	October 25, 2026	300,000,000.00	300,000,000.00
24 Binzhou urban construction MTN001	500,000,000.00	January 23, 2024	January 23, 2027	500,000,000.00	500,000,000.00
24 Binzhou urban construction MTN002	580,000,000.00	March 12, 2024	March 12, 2027	580,000,000.00	580,000,000.00
24 Binzhou urban construction MTN003	110,000,000.00	July 11, 2024	July 11, 2029	110,000,000.00	110,000,000.00

2025 Financial Statement Notes of Binzhou Caijin Investment Development Group Co., Ltd

Bond name	Denomination	Start and end date		Issuance amount	Previous year ending balance
24 Binzhou urban construction MTN004	326,000,000.00	November 22, 2024	November 22, 2027	326,000,000.00	326,000,000.00
24 Binzhou 03	349,000,000.00	December 9, 2024	December 9, 2027	349,000,000.00	349,000,000.00
25 Binzhou 01	800,000,000.00	March 11, 2025	March 11, 2028	800,000,000.00	
25 Binzhou urban construction MTN001A	400,000,000.00	July 4, 2025	July 4, 2028	400,000,000.00	
25 Binzhou urban construction MTN001B	300,000,000.00	July 4, 2025	July 4, 2030	300,000,000.00	
22 Binzhou Caijin MTN001	300,000,000.00	November 7, 2022	November 7, 2025	300,000,000.00	300,000,000.00
23 Binzhou Caijin MTN001	800,000,000.00	June 28, 2023	June 28, 2025	800,000,000.00	800,000,000.00
23 Binzhou Caijin MTN002	370,000,000.00	November 24, 2023	November 24, 2026	370,000,000.00	370,000,000.00
23 Binzhou 03	200,000,000.00	February 17, 2023	February 17, 2025	200,000,000.00	200,000,000.00
24 Binzhou 01	271,000,000.00	March 6, 2024	March 6, 2027	271,000,000.00	271,000,000.00
24 Binzhou 02	400,000,000.00	March 6, 2024	March 6, 2029	400,000,000.00	400,000,000.00
24 Binzhou Caijin MTN001	330,000,000.00	March 22, 2024	March 22, 2027	330,000,000.00	330,000,000.00
24 Binzhou Caijin MTN002A	500,000,000.00	December 11, 2024	December 11, 2027	500,000,000.00	500,000,000.00
24 Binzhou Caijin MTN002B	200,000,000.00	December 11, 2024	December 11, 2029	200,000,000.00	200,000,000.00
25 Binzhou 01	200,000,000.00	February 12, 2025	February 12, 2030	200,000,000.00	
25 Binzhou Caijin MTN001	210,000,000.00	January 5, 2025	January 5, 2028	210,000,000.00	
25 Binzhou Caijin MTN002	300,000,000.00	November 4, 2025	November 4, 2030	300,000,000.00	
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase I	385,000,000.00	November 10, 2023	November 10, 2026	385,000,000.00	385,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase II	720,000,000.00	April 26, 2024	April 26, 2027	720,000,000.00	720,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase III	330,000,000.00	August 27, 2024	August 27, 2027	330,000,000.00	330,000,000.00
Bond discount or premium					-4,142,924.46
Subtotal					9,266,857,075.54
Less: Bonds payable maturing within one year					3,080,000,000.00

Bond name	Denomination	Start and end date	Issuance amount	Previous year ending balance
Total				6,186,857,075.54

(Continued)

Bond name	Denomination	Amortization of premium	Current period repayment	Closing balance
20 Binzhou 01			800,000,000.00	
21 Binzhou Chengtou PPN001				500,000,000.00
21 Binzhou Chengtou PPN003				280,000,000.00
21 Binzhou urban construction MTN001				20,000,000.00
22 Binzhou urban construction MTN001			700,000,000.00	
23 Binzhou urban construction MTN001				300,000,000.00
24 Binzhou urban construction MTN001				500,000,000.00
24 Binzhou urban construction MTN002				580,000,000.00
24 Binzhou urban construction MTN003				110,000,000.00
24 Binzhou urban construction MTN004				326,000,000.00
24 Binzhou 03				349,000,000.00
25 Binzhou 01	800,000,000.00			800,000,000.00
25 Binzhou urban construction MTN001A	400,000,000.00			400,000,000.00
25 Binzhou urban construction MTN001B	300,000,000.00			300,000,000.00
22 Binzhou Caijin MTN001			300,000,000.00	
23 Binzhou Caijin MTN001				800,000,000.00
23 Binzhou Caijin MTN002				370,000,000.00
23 Binzhou 03			200,000,000.00	
24 Binzhou 01				271,000,000.00
24 Binzhou 02				400,000,000.00
24 Binzhou Caijin MTN001				330,000,000.00
24 Binzhou Caijin MTN002A				500,000,000.00
24 Binzhou Caijin MTN002B				200,000,000.00
25 Binzhou 01	200,000,000.00			200,000,000.00
25 Binzhou Caijin MTN001	210,000,000.00			210,000,000.00

Bond name	Denomination	Amortization of premium	Current period repayment	Closing balance
25 Binzhou Caijin MTN002	300,000,000.00			300,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase I				385,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase II				720,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase III				330,000,000.00
Bond discount or premium		-3,641,525.24		-7,784,449.70
Subtotal				9,473,215,550.30
Less: Bonds payable maturing within one year				1,855,000,000.00
Total				7,618,215,550.30

37. Insurance contract reserves

Items	Closing balance	Previous year ending balance
Undue liability reserves	24,216,954.58	16,450,475.90
Insurance liability reserve	52,957,030.34	38,615,669.28
Total	77,173,984.92	55,066,145.18

38. Long-term payables

Items	Closing balance	Previous year ending balance
Long-term payables	1,394,705,205.57	1,760,071,963.22
Special accounts payable	3,911,040,923.67	3,294,200,722.20
Total	5,305,746,129.24	5,054,272,685.42

(1) Long-term payables

Items	Closing balance	Previous year ending balance
Loan for Shantytown Renovation Project of Shandong Caijin Investment Co., Ltd	1,255,254,000.00	1,374,186,000.00
Large Class Project Loan of Shandong Caijin Investment Co., Ltd	107,765,205.57	344,199,963.22
debt investment in the name of equity investment	50,000,000.00	162,005,742.79
Subtotal	1,413,019,205.57	1,880,391,706.01
Less: Long-term payables due within one year	18,314,000.00	120,319,742.79
Total	1,394,705,205.57	1,760,071,963.22

(2) Special accounts payable

Items	Closing balance	Previous year ending balance
Compensation Funds for the Renovation of Shantytowns in Old Residential Areas in Urban Areas	456,539,844.10	647,540,221.16
Special Government Debt for Cultural Tourism Infrastructure Project of Yellow River Botanical Garden	200,000,000.00	200,000,000.00
Special Government Debt for Jibin high-speed Railway (Binzhou section) Project	789,000,000.00	411,000,000.00
Finance Bureau Equity Investment Allocation	185,290,000.00	200,290,000.00
Angel Fund	30,000,000.00	30,000,000.00
Binzhou Finance Bureau Talent Entrepreneurship Support Fund	1,600,000.00	1,600,000.00
Special Debt Funds for Binzhou Section of Zhanlin Expressway	615,000,000.00	615,000,000.00
Construction Funds for Binzhou Urban Renewal Project	500,000,000.00	500,000,000.00
Binzhou Smart City Integrated Service Informatization Transformation Project	129,000,000.00	129,000,000.00
Infrastructure Construction Project of High-speed Railway Logistics Park	301,000,000.00	84,000,000.00
Binhua High-Speed Rail Station Comprehensive Transportation Hub Project Government Special Bond	230,000,000.00	
Provincial Urbanization Construction Funds	7,470,300.00	7,470,300.00
Pilot Funds for the Construction of Local Financial Science and Technology Platforms	1,000,000.00	1,000,000.00
New and Old Kinetic Energy Conversion Funds	2,000,000.00	2,000,000.00
Central Affordable Housing Project (shantytown renovation) Fund	2,160,480.00	2,160,480.00
National Health Culture Center	300,000,000.00	300,000,000.00
Yangliuxue Binsheng Group Centralized Isolation Medical Observation Site	54,500,000.00	54,500,000.00
Binzhou Yellow River Tourism Project	100,000,000.00	100,000,000.00
Other	6,480,299.57	8,639,721.04
Total	3,911,040,923.67	3,294,200,722.20

39. Provisions

Items	Closing balance	Previous year ending balance
Provide external guarantees	1,003,021.89	774,228.95
Total	1,003,021.89	774,228.95

40. Deferred income

Items	Closing balance	Previous year ending balance
Government subsidies	41,915,051.48	20,906,333.54
Total	41,915,051.48	20,906,333.54

41. Other non-current liabilities

Items	Closing balance	Previous year ending balance
Other non-current liabilities	10,456,930.62	10,456,930.62
Total	10,456,930.62	10,456,930.62

42. Paid-in capital

Name of investors	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
State Owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government	1,275,000,000.00			1,275,000,000.00
Binzhou SDIC Investment Management Group Co., Ltd	225,000,000.00			225,000,000.00
Total	1,500,000,000.00			1,500,000,000.00

43. Capital reserve

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserves	19,210,941,783.10	483,363,421.29		19,694,305,204.39
Total	19,210,941,783.10	483,363,421.29		19,694,305,204.39

44. Undistributed profits

Items	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	1,131,790,853.59	1,031,249,298.50
Total adjusted undistributed profits at the beginning of year (increase+, decrease-)		
Year-beginning undistributed profit after adjustment	1,131,790,853.59	1,031,249,298.50
Add: net profit attributable to shareholders of parent company in current period	126,225,874.70	175,918,144.60
Less: withdrawal of statutory surplus reserve		
Common Stock dividends payable	64,288,547.14	65,376,589.51
Other		10,000,000.00
Undistributed profits at the end of period	1,193,728,181.15	1,131,790,853.59

45. Operating revenue and operating costs

Items	Current amount		Previous amount	
	Revenue	Cost	Revenue	Cost
Main business	7,161,899,460.09	6,045,295,104.85	7,680,391,051.11	6,533,984,116.38
Other business	429,382,497.17	40,051,585.95	471,535,776.90	40,105,252.66
Total	7,591,281,957.26	6,085,346,690.80	8,151,926,828.01	6,574,089,369.04

46. Draw net reserves for insurance contracts

Items	Current amount	Previous amount
Guarantee liability reserve	10,712,308.46	29,090,709.30
Total	10,712,308.46	29,090,709.30

47. Taxes and surcharges

Items	Current amount	Previous amount
Urban maintenance and construction tax	12,938,340.45	14,752,983.48
Education surtax	5,616,382.21	6,285,035.35
Local education surtax	3,743,951.13	3,894,265.28
Stamp duty	8,400,808.98	4,840,677.94
Property taxes	12,262,291.70	10,850,747.26
Land use tax	79,765,344.53	40,261,642.29
Land value-added tax	1,511,568.95	2,317,435.62
Vehicle and vessel tax	25,894.02	27,405.56
Other	238,155.80	801,904.23
Total	124,502,737.77	84,032,097.01

48. Selling expenses

Items	Current amount	Previous amount
Employee compensation	33,523,194.41	43,471,050.94
Depreciation and amortization	9,502,203.99	7,942,401.84
Sales commission	3,255,860.13	3,337,558.03
Business hospitality	9,925,949.22	7,844,050.67
Testing fees	2,221,959.61	2,292,015.03
Express fee	2,305,454.14	2,125,248.67
Advertising expenses	7,322,356.37	6,212,397.43
Insurance premium	2,190,521.01	1,839,633.96
Freight and incidentals	986,745.46	1,124,610.69
Utilities	5,380,064.50	4,954,348.44
Office and travel expenses	584,553.23	664,914.60

Items	Current amount	Previous amount
Other	4,758,867.67	4,313,700.71
Total	81,957,729.74	86,121,931.01

49. Administrative expenses

Items	Current amount	Previous amount
Depreciation and amortization	65,568,670.64	61,682,453.58
Employee compensation	227,509,674.36	187,920,963.88
Rental fee	1,537,976.37	1,076,464.88
Amortization of materials and low value consumables	3,165,612.77	4,034,289.99
Intermediary fees	33,244,942.78	34,171,120.79
Technological development expense	6,314,770.25	6,843,801.56
Office expenses	12,504,823.83	15,213,284.44
Property insurance premiums	1,082,408.40	1,519,731.12
Property service fee	5,409,269.95	4,200,888.51
Maintenance cost	537,007.33	964,764.21
Travel	1,895,261.26	1,782,439.86
Business hospitality	155,250.71	418,824.04
Other	12,603,524.02	8,806,688.76
Total	371,529,192.67	328,635,715.62

50. R&D expenses

Items	Current amount	Previous amount
Grey cloth	76,921,037.43	80,663,540.68
Dyes and chemicals	19,795,218.94	21,359,182.72
Wages	14,622,701.42	17,510,898.44
Energy	10,835,972.52	12,173,006.70
Depreciation	6,342,690.31	5,872,377.86
Other	1,039,379.08	4,107,823.24
Total	129,556,999.70	141,686,829.64

51. Finance expenses

Items	Current amount	Previous amount
Interest expenses	721,623,847.71	707,525,334.97
Less: interest income	46,755,538.86	53,334,577.56
Exchange net loss	4,411,021.49	-23,614,988.97
Bank fees and Other	28,822,812.95	49,007,330.62
Total	708,102,143.29	679,583,099.06

52. Other incomes

Items	Current amount	Previous amount
Government subsidy associated with daily activities	10,884,930.65	47,499,045.51
Total	10,884,930.65	47,499,045.51

53. Investment income

Items	Current amount	Previous amount
Long-term equity investment income accounted for by equity method	101,429,276.37	142,978,591.99
Dividend income obtained during the holding period of other equity instruments	13,811,098.17	5,442,328.49
Income from other investment and wealth management products	44,734,111.04	23,763,610.67
Total	159,974,485.58	172,184,531.15

54. Gains from changes in fair value

Items	Current amount	Previous amount
Financial assets held for trading	-113,608.58	
Total	-113,608.58	

55. Credit impairment losses

Items	Current amount	Previous amount
Bad debt losses	-10,545,570.76	-52,360,235.51
Total	-10,545,570.76	-52,360,235.51

56. Asset impairment losses

Items	Current amount	Previous amount
Inventory depreciation loss	-147,369,037.93	-104,724,648.59
Impairment loss on fixed assets	-40,534,026.23	
Total	-187,903,064.16	-104,724,648.59

57. Gains on disposal of assets

Items	Current amount	Previous amount
Gains or losses on disposal of assets	-2,085,590.80	-11,821,242.79
Total	-2,085,590.80	-11,821,242.79

58. Non-operating income

Items	Current amount	Previous amount
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Compensation payment	2,599,555.60	
Other	4,132,866.92	1,496,524.10
Total	6,732,422.52	1,496,524.10

59. Non-operating expenses

Items	Current amount	Previous amount
External donations	1,200,000.00	530,703.42
Penalty expenses	76,980.00	51,150.00
Late fee	1,457,627.14	341,668.73
Spending on building a civilized city	321,695.57	671,361.89
Other	1,048,047.23	252,379.80
Total	4,104,349.94	1,847,263.84

60. Income tax expenses

Items	Current amount	Previous amount
Current income tax expense	80,641,446.00	72,318,738.28
Deferred income tax expenses	-6,186,422.26	-9,499,387.69
Total	74,455,023.74	62,819,350.59

61. Supplementary information of Cash Flow Statement**(1) Supplementary information of Cash Flow Statement**

Supplementary information	Current amount	Previous amount
1.Net profits adjusted to cash flow from operating activities:		
Net profits	-22,041,214.40	216,294,436.77
Add: provision for impairment of assets	187,903,064.16	104,724,648.59
Credit impairment losses	10,545,570.76	52,360,235.51
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	179,981,255.38	164,830,096.41
Amortization of intangible assets	22,285,804.88	21,832,565.16
Amortization of long-term prepaid expenses	28,560.78	1,222,216.12
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	2,085,590.80	11,821,242.79
Losses of fixed asset scrapping (revenues marked with "-")	82,186.79	94,677.96
Fair value change losses (revenues marked with "-")	113,608.58	
Financial costs (revenues marked with "-")	735,722,405.39	707,310,610.55
Investment losses (revenues marked with "-")	-159,974,485.58	-172,184,531.15
Decrease of deferred income tax assets (increase marked with "-")	-5,413,705.30	-6,292,301.48

Supplementary information	Current amount	Previous amount
Increase of deferred income tax liabilities (decrease marked with "-")	3,387,505.49	-559.95
Decrease of inventory (increase marked with "-")	-291,853,545.62	-1,127,882,163.38
Decrease of operational receivables (increase marked with "-")	-1,824,737,475.16	-729,808,925.75
Increase of operational payables (decrease marked with "-")	2,755,145,318.44	1,570,598,298.52
Other		
Net cash flow from operating activities	1,593,260,445.39	814,920,546.67
2. Major investing and financing activities uninvolved cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
Net change of cash and cash equivalents:		
Closing balance of cash	3,896,231,093.50	4,983,618,222.11
Less: cash balance at the end of last year	4,983,618,222.11	5,274,281,257.74
Add: Ending balance of cash equivalents		
Less: cash equivalent balance at the end of last year		
Net increase of cash and cash equivalents	-1,087,387,128.61	-290,663,035.63

VI. Equity in other entities

1. Composition of corporate group

Tier 1 subsidiaries included in the scope of the Group's consolidated financial statements are as follows:

Name of subsidiaries	Main business place	Registered place	Business Nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Binzhou Caijin Investment Group Co., Ltd	Binzhou	Binzhou	Other finance	60.00	30.00	Allocate
Shandong Binsheng Wenlu Sports Industry Group Co., Ltd	Binzhou	Binzhou	Sports	70.00	30.00	Allocate
Binzhou Siyuan Construction Investment Development Co., Ltd	Binzhou	Binzhou	Capital market services	51.00		Allocate

VII. Associated parties and associated transactions

1. The situation of our parent company

Parent company name	Place of registration	Shareholding ratio of the company (%)	Voting rights ratio to the company (%)
State owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government	Binzhou	85.00	85.00

2. The situation of our subsidiary companies

See note VI, 1. Rights and interests in other entities for details.

VIII. Commitments and contingencies

1. Major commitments

As of December 31, 2025, the company has no major commitments to disclose.

2. Contingencies

① As of December 31, 2025, the external guarantee balance of the company (excluding its subsidiary Binzhou financing guarantee Group Co., Ltd.) was CNY 3,207.8772 million.

② As of December 31, 2025, the amount of guarantee business provided by Binzhou financing guarantee Group Co., Ltd., a subsidiary of the company, was CNY 8,437.2412 million. In the counter guarantee measures for guarantee projects, the coverage of mortgaged and pledged assets exceeded 100%.

IX. Events after balance sheet date

As of the approval date of the financial statements, the company has no major events to be disclosed after the balance sheet date.

X. Notes on major items of parent company's financial statement

1. Other receivables

Items	Closing balance	Previous year ending balance
Other receivables	319,113,326.67	300,610,000.00
Total	319,113,326.67	300,610,000.00

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	18,503,326.67	300,610,000.00
1-2 years	300,610,000.00	
Subtotal	319,113,326.67	300,610,000.00

Aging	Closing balance	Previous year ending balance
Less: Bad debt provision		
Total	319,113,326.67	300,610,000.00

2.Long-term equity investments

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	11,683,081,735.35		11,683,081,735.35	11,683,081,735.35		11,683,081,735.35
Investment in associated and joint ventures	136,441,936.52		136,441,936.52			
Total	11,819,523,671.87		11,819,523,671.87	11,683,081,735.35		11,683,081,735.35

(1)Investment in subsidiaries

Investment	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Binzhou Caijin Investment Group Co., Ltd	10,119,292,051.15			10,119,292,051.15
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	1,392,878,190.93			1,392,878,190.93
Binzhou Siyuan Construction Investment Development Co., Ltd	170,911,493.27			170,911,493.27
Total	11,683,081,735.35			11,683,081,735.35

(2)Investment in associates and joint ventures

Investment	Previous year ending balance	Increases and decreases in current period				
		Increase in current period	Decrease in current period	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes
1.Associates						
Binzhou Caijin Small and Medium-sized Enterprise Service Co., Ltd		120,142,224.09		16,299,712.43		

Investment	Previous year ending balance	Increases and decreases in current period				
		Increase in current period	Decrease in current period	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes
Total		120,142,224.09		16,299,712.43		

(Continued)

Investment	Increases and decreases in current period			Closing balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Provision for impairment	Other		
1.Associates					
Binzhou Caijin Small and Medium-sized Enterprise Service Co., Ltd				136,441,936.52	
Total				136,441,936.52	

3. Operating revenue and operating costs

Items	Current amount		Previous amount	
	revenue	Cost	revenue	Cost
Main business	1,542.86	20,980.80	3,361,788.46	1,223,605.07
Other business	2,747,357.67	379,361.14		
Total	2,748,900.53	400,341.94	3,361,788.46	1,223,605.07

Binzhou Caijin Investment Development Group Co., Ltd

April 28, 2026

Legal representative:



Accounting director:



Accounting firm director:





Auditor's Report

ZXHSZ (2025) NO. 021695

To the Shareholders of Binzhou Caijin Investment Development Group Co., Ltd.,

I. Opinion

We have audited the financial statements of Binzhou Caijin Investment Development Group Co., Ltd. (hereinafter referred to as the Company), which comprise the Consolidated and the Parent Company's Balance Sheet as at 31 December 2024, the Consolidated and the Parent Company's Income Statement, the Consolidated and the Parent Company's Statement Cash Flows, and the Consolidated and the Parent Company's Statement of Change in Owner's Equity for the year then ended, and related notes to the financial statements.

We are of opinion that the accompanying financial statements have been properly prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and give a true and fair view of the Consolidated and Parent Company's financial position as at 31 December 2024, and of their Consolidated and Parent Company's financial performance and cash flows for the year then ended.

II. Basis for Opinion

We have conducted our audit in accordance with the Standard on Auditing for Certified Public Accountants of China. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of the Company 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 the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises, so as to ensure they give a true and fair view, and for designing implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

IV. Auditor's Responsibility 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 auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are 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.

In conducting an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following procedures:

- (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 sufficient and appropriate audit evidence that is the basis for our audit 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 the 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Zhongxinghua Certified Public Accountants LLP



China, Beijing

29 April 2025

Consolidated Balance Sheet

31 December 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Closing balance	Previous year ending balance
Current assets:			
Cash and Cash Equivalents		5,491,100,884.47	6,299,038,368.02
Financial assets held for trading			
Derivative financial assets			
Notes receivable		24,766,652.95	30,495,005.26
Accounts receivable		4,504,758,814.73	3,150,567,678.19
Accounts receivable financing			
Advances to suppliers		816,399,751.51	775,283,532.59
Other receivables		5,433,496,013.96	5,627,251,154.77
Inventory		15,025,533,565.94	13,760,935,144.19
Contract assets		75,980,214.87	223,561,663.56
Assets held for sale			
Non-current assets due within one year		94,594.53	238,943.32
Other current assets		432,115,248.53	486,962,329.32
Total current assets		31,804,245,741.49	30,354,333,819.22
Non-current assets			
Debt investments		348,560,363.65	
Other debt investments			
Long-term receivables		4,922,342,049.10	5,371,155,375.45
Long-term equity investments		2,006,116,487.73	1,741,967,895.74
Other equity instrument investments		6,133,221,079.07	1,887,535,037.60
Other non-current financial assets		3,693,027,444.75	3,077,060,096.85
Investment properties		646,382,236.12	90,224,083.00
Fixed assets		2,846,418,377.36	2,494,390,083.71
Construction in progress		3,268,612,615.85	3,906,707,184.27
Bearer biological assets		66,276,386.93	63,215,468.10
Oil and gas assets			
Right-of-use assets			
Intangible assets		6,795,596,679.62	6,689,876,765.99
Development expenditure			
Goodwill			
Long-term prepaid expense		20,636,756.38	56,468,619.45
Deferred tax assets		74,755,579.04	68,463,277.56
Other non-current assets		826,986,896.98	982,120,124.88
Total non-current assets		31,648,932,952.58	26,429,184,012.60
Total assets		63,453,178,694.07	56,783,517,831.82

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Balance Sheet (Continued)

31 December 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Closing balance	Previous year ending balance
Current liabilities:			
Short-term borrowings		2,687,773,353.74	2,350,975,809.42
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		486,247,595.97	935,925,572.65
Trade payables		5,408,215,234.42	5,403,313,904.72
Advances from customers		11,111,997.64	1,961,054.67
Contract liabilities		542,339,436.55	628,581,543.83
Employee benefits payable		60,000,859.37	52,039,155.32
Taxes payable		170,474,227.69	181,733,053.74
Other payables		2,357,321,094.46	2,955,744,523.18
Liabilities held for sale			
Non-current liabilities due within one year		5,130,557,389.50	4,151,074,991.01
Other current liabilities		50,890,523.90	85,175,007.67
Total current liabilities		16,904,931,713.24	16,746,524,616.21
Non-current liabilities:			
Long-term borrowing		9,893,519,038.47	9,112,249,053.05
Bonds payable		6,186,857,075.54	4,989,230,787.12
Of which: Preferred Stock			
Perpetual debts			
Lease liabilities			
Insurance contract reserves		55,066,145.18	25,975,435.88
Long-term payables		5,054,272,685.42	4,371,053,620.17
Long-term employee remuneration payable			
Provisions		774,228.95	323,241.03
Deferred incomes		20,906,333.54	19,744,814.98
Deferred tax liabilities		83.78	643.73
Other non-current liabilities		10,456,930.62	12,058,603.40
Total non-current liabilities		21,221,852,521.50	18,530,636,199.36
Total liabilities		38,126,784,234.74	35,277,160,815.57
Owner's equity:			
Paid-in capital		1,500,000,000.00	1,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debts			
Capital reserve		19,210,941,783.10	17,153,462,823.51
Less: treasury stock			
Other comprehensive income		-25,020,200.84	-17,724,198.74
Special reserve			
Surplus reserve			
General risk provisions			
Undistributed profits		1,131,790,853.59	1,031,249,298.50
Total owners' equity attributable to the parent		21,817,712,435.85	18,167,987,923.27
Minority shareholder's equity		3,508,682,023.48	3,338,369,092.98
Total owners' equity		25,326,394,459.33	21,506,357,016.25
Total liabilities and owners' equity		63,453,178,694.07	56,783,517,831.82

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Income Statement

the year 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Total operating incomes		8,151,926,828.01	8,318,321,572.59
Of which: Operating revenue		8,151,926,828.01	8,318,321,572.59
II. Total operating costs		7,923,239,750.68	8,413,858,842.28
Of which: Operating costs		6,574,089,369.04	7,208,269,848.87
Net provision for insurance contracts		29,090,709.30	21,338,308.70
Taxes and surcharges		84,032,097.01	97,595,516.68
Selling expenses		86,121,931.01	51,961,739.56
Administrative expenses		328,635,715.62	354,557,619.57
R&D expenses		141,686,829.64	123,887,564.72
Financial expenses		679,583,099.06	556,248,244.18
Add: other incomes		47,499,045.51	213,617,321.21
Investment income (losses marked with "-")		172,184,531.15	261,791,299.08
Gains from changes in fair value ((losses marked with "-")			
Credit impairment losses (losses marked with "-")		-52,360,235.51	-83,585,520.46
Asset impairment losses (losses marked with "-")		-104,724,648.59	-78,298,323.54
Gains on disposal of assets (losses marked with "-")		-11,821,242.79	265,982.63
III. Operating profits (losses marked with "-")		279,464,527.10	218,253,489.23
Add: non-operating income		1,496,524.10	7,702,428.16
Less: Non-operating expenses		1,847,263.84	4,896,918.85
IV. Total profits (total losses marked with "-")		279,113,787.36	221,058,998.54
Less: Income tax expenses		62,819,350.59	34,403,526.06
V. Net profits (net losses marked with "-")		216,294,436.77	186,655,472.48
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		216,294,436.77	186,655,472.48
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		175,918,144.60	103,993,272.47
2. Minority shareholders' profits and losses (net losses marked with "-")		40,376,292.17	82,662,200.01
VI. After-tax net amount of other comprehensive incomes		-17,296,002.10	-33,606,239.15
(I) Net other comprehensive incomes after tax attributable to owners of parent company		-17,296,002.10	-33,606,239.15
1. Other comprehensive incomes not to be reclassified into profits and losses		-17,262,731.31	-33,561,341.41
(1) Remeasure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments		-17,262,731.31	-33,561,341.41
(4) Changes in fair value of enterprise's own credit risk			
(5) Other			
2. Other comprehensive incomes to be reclassified into profits and losses		-33,270.79	-44,897.74
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Reclassification of financial assets recognized in other comprehensive income			
(4) Provision for credit impairment of other creditor's rights investment			
(5) Cash flow hedging reserves			
(6) Translation differences in foreign currency financial statements		-33,270.79	-44,897.74
(7) Other			
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		198,998,434.67	153,049,233.33
(I) Total comprehensive incomes attributable to owners of parent company		158,622,142.50	70,387,033.32
(II) Total comprehensive incomes attributable to minority shareholders		40,376,292.17	82,662,200.01

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Statement of Cash Flows

the year 2024

Prepared by: Binzhou Caimin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		7,746,811,502.04	6,532,274,519.33
Tax refunds received		202,413,817.31	354,365,792.09
Other cash received related to operating activities		1,734,821,512.12	2,017,951,254.02
Subtotal cash inflow from operating activities		9,684,046,831.47	8,904,591,565.44
Cash paid to buy goods and receive labor service		7,266,046,778.20	6,434,085,528.14
Cash paid to and for employees		507,150,264.74	522,337,588.71
Taxes paid		225,553,200.00	239,635,584.93
Other cash paid to operating-related activities		870,376,041.86	841,568,011.41
Subtotal cash outflow from operating activities		8,869,126,284.80	8,037,626,713.19
Net cash flow from operating activities		814,920,546.67	866,964,852.25
II. Cash flow from investing activities:			
Cash received from investment withdrawal		72,880,605.32	19,640,717.14
Cash received from investment income		29,205,939.15	42,221,554.03
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		341,800,759.78	802,158.68
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities		465,175,000.00	149,579,126.36
Subtotal cash inflow from investing activities		909,062,304.25	212,243,556.21
Cash paid for purchasing fixed assets, intangible assets		1,442,873,643.45	1,616,702,281.57
Cash paid for investment		2,320,655,000.00	727,016,250.00
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities		1,142,700,000.00	477,500,000.00
Subtotal cash outflow from investing activities		4,906,228,643.45	2,821,218,531.57
Net cash flow from investment activities		-3,997,166,339.20	-2,608,974,975.36
III. Cash flow from financing activities:			
Cash received from absorbing investments		530,301,935.00	96,903,000.00
Cash received from borrowings		11,828,085,084.82	8,227,630,375.41
Other cash received from financing-related activities		302,540,030.44	331,343,426.09
Subtotal of cash inflow from financing activities		12,660,927,050.26	8,655,876,801.50
Cash paid for repayment of debt		8,278,469,498.85	5,531,502,646.93
Cash paid for distributing dividends, profits or settling		1,196,638,423.34	855,388,356.46
Other cash paid to financing-related activities		309,139,202.65	317,974,233.32
Subtotal cash outflow from financing activities		9,784,247,124.84	6,704,865,236.71
Net cash flow from financing activities		2,876,679,925.42	1,951,011,564.79
IV. Influence of exchange rate changes to cash and cash equivalents		14,902,831.48	8,983,112.11
V. Net increase in cash and cash equivalents		-290,663,035.63	217,984,553.79
Add: opening balance of cash and cash equivalents		5,274,281,257.74	5,056,296,703.95
VI. Closing balance of cash and cash equivalents		4,983,618,222.11	5,274,281,257.74

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Consolidated Statement of Change in Owners' Equity

the year 2024

Prepared by: Binzhou Gulf Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Owner's equity attributable to the parent company				Current amount				Subtotal	Minority shareholder's equity	Total owners' equity
	Preference shares	Paid-in capital	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve			
			Perpetual debts		Other						
I. Balance at the end of last year		1,000,000.00		17,153,462,823.51		-17,724,198.74			18,167,987,923.27	3,338,369,092.99	21,506,357,016.25
Add: accounting policy change											
Correction of previous period accounting error											
Other											
II. Balance at the beginning of this year		1,000,000.00		17,153,462,823.51		-17,724,198.74			18,167,987,923.27	3,338,369,092.99	21,506,357,016.25
III. Increased or decreased amount in the current period (decrease marked)		1,499,000,000.00		2,057,478,959.59		-7,296,002.10			3,649,724,512.59	170,312,930.50	3,820,037,443.08
(I) Total comprehensive incomes											
(II) Capital increase or decrease from the owner		409,000,000.00		3,147,478,959.59		-17,296,002.10			158,622,142.50	170,312,930.50	328,935,073.00
1. Invested capital by the owner		409,000,000.00							3,556,478,959.59		3,556,478,959.59
2. Other equity instruments investor invested capital									409,000,000.00		409,000,000.00
3. Amount of stock payment included in owner's equity											
4. Others				3,147,478,959.59					3,147,478,959.59		3,147,478,959.59
(III) Profit distribution									-65,376,589.51		-65,376,589.51
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners									-65,376,589.51		-65,376,589.51
4. Others											
(IV) Internal transfer of shareholders' equity		1,090,000,000.00		-1,090,000,000.00							
1. Capital reserve to increase capital		1,090,000,000.00		-1,090,000,000.00		10,000,000.00			-10,000,000.00		
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes						10,000,000.00			-10,000,000.00		
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year		1,500,000,000.00		19,210,941,783.10		-25,020,200.84			21,817,712,435.85	3,508,682,023.48	25,326,394,459.33

(The attached Financial Statements are an integral part of the financial statements)

Legal representative:

Accounting leader:

Accounting firm director:

石月印
3723023061347

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Consolidated Statement of Change in Owners' Equity (Continued)

Amount Unit: RMB yuan									
Items	Owner's equity attributable to the parent company				Previous amount				
	Paid-in capital	Other equity instruments	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profits	Subtotal
I. Balance at the end of last year	1,000,000.00			15,882,040.41				979,252,761.84	17,842,522,570.01
Add: accounting policy changes									
Correction of previous-period accounting errors									
Other									
II. Balance at the beginning of this year	1,000,000.00			15,882,040.41				979,252,761.84	17,842,522,570.01
III. Increased or decreased amount in the current period (decrease marked with "-")									
(I) Total comprehensive incomes									
(II) Capital increase or decrease from the owner									
1. Invested capital by the owner									
2. Other equity instruments owner invested capital									
3. Amount of stock payment included in owner's equity									
4. Others									
(III) Profit distribution									
1. Withdrawal of the surplus reserves									
2. Withdrawal of the general risk reserves									
3. Distribution to owners									
4. Others									
(IV) Internal transfer of shareholders' equity									
1. Capital reserve to increase capital									
2. Surplus reserve to increase capital									
3. Cover losses with surplus reserve									
4. Set the benefit plan variation to be carried out into retained earnings									
5. Retained earnings carried forward by other comprehensive incomes									
6. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VI) Others									
IV. Balance at the end of current year	1,000,000.00			-17,724,198.74				1,031,249,298.50	18,167,987,923.27
(The attached Financial Statement Notes are an integral part of the financial statements)									
Legal representative									
Accounting leader									
Accounting firm director									
Total owners' equity									
Minority shareholder's equity									
Subtotal									
Total owners' equity									

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Balance Sheet

31 December 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Closing balance	Previous year ending balance
Current assets:			
Cash and Cash Equivalents		85,423,125.90	2,001,161.01
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advances to suppliers		22,407,917.50	
Other receivables		300,610,000.00	
Inventory			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		25,900.05	
Total current assets		408,466,943.45	2,001,161.01
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		11,683,081,735.35	
Other equity instrument investments		3,025,145,315.08	
Other non-current financial assets			
Investment properties			
Fixed assets		10,119.56	9,487.78
Construction in progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expense			
Deferred tax assets			
Other non-current assets			
Total non-current assets		14,708,237,169.99	9,487.78
Total assets		15,116,704,113.44	2,010,648.79

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Balance Sheet (Continued)

31 December 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Closing balance	Previous year ending balance
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Trade payables			
Advances from customers			
Contract liabilities			
Employee benefits payable		57,269.51	14,685.10
Taxes payable		61,135.60	13,598.31
Other payables		235,855.78	1,124,021.10
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		354,260.89	1,152,304.51
Non-current liabilities:			
Long-term borrowing			
Bonds payable			
Of which: Preferred Stock			
Perpetual debts			
Lease liabilities			
Long-term payables			
Long-term employee remuneration payable			
Provisions			
Deferred incomes			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		354,260.89	1,152,304.51
Owner's equity:			
Paid-in capital		1,500,000,000.00	1,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debts			
Capital reserve		13,616,227,050.43	
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profits		122,802.12	-141,655.72
Total owners' equity		15,116,349,852.55	858,344.28
Total liabilities and owners' equity		15,116,704,113.44	2,010,648.79

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Income Statement

the year 2024

Prepared by: Binzhou Caijin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Operating income		3,361,788.46	233,403.76
Less: operating costs		1,223,605.07	37,840.38
Taxes and surcharges		59,455.08	518.78
Selling expenses			
Administrative expenses		2,159,778.08	463,350.35
R&D expenses			
Financial expenses		-352,758.28	-17,547.28
Add: other incomes		143.45	
Investment income (losses marked with "-")			
Fair value change incomes (losses marked with "-")			
Credit impairment losses (losses marked with "-")			
Asset impairment losses (losses marked with "-")			
Gains on disposal of assets (losses marked with "-")			
II. Operating profits (losses marked with "-")		271,851.96	-250,758.47
Add: non-operating income		0.05	1,698.14
Less: Non-operating expenses			
III. Total profits (total losses marked with "-")		271,852.01	-249,060.33
Less: Income tax expenses		7,394.17	-25,123.43
IV. Net profits (net losses marked with "-")		264,457.84	-223,936.90
(I) Net profits from sustainable operation (net losses marked with "-")		264,457.84	-223,936.90
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive incomes not to be reclassified into profits and losses			
1. Remeasure changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive incomes to be reclassified into profits and losses			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Translation differences in foreign currency financial statements			
7. Others			
VI. Total comprehensive incomes		264,457.84	-223,936.90

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:



Accounting director:



Accounting firm director:



Cash Flow Statement

the year 2024

Prepared by: Binzhou Cailin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		3,563,493.89	248,176.64
Tax refunds received			
Other cash received related to operating activities		353,061.78	986,236.22
Subtotal cash inflow from operating activities		3,916,555.67	1,234,412.86
Cash paid to buy goods and receive labor service		1,302,662.53	38,224.70
Cash paid to and for employees		1,079,702.42	360,621.18
Taxes paid		165,831.42	3,055.13
Other cash paid to operating-related activities		324,943,572.63	101,373.44
Subtotal cash outflow from operating activities		327,491,769.00	503,274.45
Net cash flow from operating activities		-323,575,213.33	731,138.41
II. Cash flow from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		2,821.78	2,108.91
Cash paid for investment		2,000,000.00	
Other cash paid to investing-related activities			
Subtotal cash outflow from investing activities		2,002,821.78	2,108.91
Net cash flow from investment activities		-2,002,821.78	-2,108.91
III. Cash flow from financing activities:			
Cash received from absorbing investments		409,000,000.00	
Cash received from borrowings			
Other cash received from financing-related activities			
Subtotal of cash inflow from financing activities		409,000,000.00	
Cash paid for repayment of debt			
Cash paid for distributing dividends, profits or settling interests			
Other cash paid to financing-related activities			
Subtotal cash outflow from financing activities			
Net cash flow from financing activities		409,000,000.00	
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		83,421,964.89	729,029.50
Add: opening balance of cash and cash equivalents		2,001,161.01	1,272,131.51
VI. Closing balance of cash and cash equivalents		85,423,125.90	2,001,161.01

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative



Accounting director



Accounting firm director



Statement of Change in Owners' Equity

the year 2024

Prepared by: Binzhou Cailin Investment Development Group Co., Ltd

Amount Unit: RMB yuan

Items	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual debts	Other							
I. Balance at the end of last year	1,000,000.00									-141,655.72	858,344.28
Add: accounting policy changes											
Continued from previous period accounting errors											
Other											
II. Balance at the beginning of this year	1,000,000.00									-141,655.72	858,344.28
III. Increased or decreased amount in the current period (decrease)	1,499,000,000.00				13,616,227,050.43					264,457.84	15,115,491,508.27
(I) Total comprehensive incomes										264,457.84	264,457.84
(II) Capital increase or decrease from the owner	409,000,000.00				14,706,227,050.43						15,115,227,050.43
1. Invested capital by the owner	409,000,000.00										409,000,000.00
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others					14,706,227,050.43						14,706,227,050.43
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity	1,090,000,000.00				-1,090,000,000.00						
1. Capital reserve to increase capital	1,090,000,000.00				-1,090,000,000.00						
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current	1,500,000,000.00				13,616,227,050.43					122,802.12	15,116,349,852.55

Legal representative:  Accounting leader:  Accounting firm director:  

(The attached Financial Statement Notes are an integral part of the financial statements)

Statement of Change in Owners' Equity (Continued)

the year 2024

Prepared by: Bifuzhou Gaijin Investment Development Group Co., Ltd. Amount Unit: RMB yuan

Items	Previous amount					Surplus reserve	Special reserve	Other comprehensive income	Less: treasury stock	Undistributed profits	Total owners' equity
	Paid-in capital	Preference shares	Other equity instruments		Capital reserve						
			Perpetual debts	Other							
I. Balance at the end of last year	1,000,000.00									82,281.18	1,082,281.18
Add: accounting policy changes											
Correction of previous period accounting errors											
Other											
II. Balance at the beginning of this year	1,000,000.00									82,281.18	1,082,281.18
III. Increased or decreased amount in the current period (decrease)											
(I) Total comprehensive incomes										-223,936.90	-223,936.90
(II) Capital increase or decrease from the owner										-223,936.90	-223,936.90
1. Invested capital by the owner											
2. Other equity instruments owner invested capital											
3. Amount of stock payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general risk reserves											
3. Distribution to owners											
4. Others											
(IV) Internal transfer of shareholders' equity											
1. Capital reserve to increase capital											
2. Surplus reserve to increase capital											
3. Cover losses with surplus reserve											
4. Set the benefit plan variation to be carried out into retained earnings											
5. Retained earnings carried forward by other comprehensive incomes											
6. Others											
(V) Special reserve											
1. Withdrawal in this period											
2. Used in this period											
(VI) Others											
IV. Balance at the end of current year	1,000,000.00									-141,655.72	858,344.28

涛胡印云

Accounting firm director

涛胡印云

Accounting leader:

涛胡印云
3723023081347

Legal representative:

(The attached Financial Statement Notes are an integral part of the financial statements)

Binzhou Caijin Investment Development Group Co., Ltd

2024 Financial Statement Notes

(Unless otherwise specified, the amount unit is RMB)

I. Basic information of the company

1. Company profile

Binzhou Caijin Investment Development Group Co., Ltd (hereinafter referred to as "the group" or "the company") was established on September 30, 2021. Former name: Binzhou Talent Development Group Co., Ltd. At present, the registered capital of the company is RMB 150 million. The parent company is the the State-owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government. The unified social credit code of the company is 91371600MA951JA41H. Legal representative: Feng Yueyan.

Registered address of the Company: No.736, Bohai 16th Road, Bincheng District, Binzhou City, Shandong Province.

2. Corporate business scope

Business scope of the Company: general items: investment activities with self-owned funds; Asset management services invested by own funds; Financing advisory services; Business management consulting; Financial consultation; Land use right lease; Non residential real estate leases. (Except for projects subject to approval according to law, independently carry out business activities according to law with business license).

3. Approval of financial report

This financial statements were reported upon approval by the company's Board of Directors on 29 April 2025.

II. Preparation basis of the financial statements

1. Preparation basis

The financial statements of our company are prepared on the basis of the going concern assumption, based on actual transactions and events, in accordance with the provisions of the "Enterprise Accounting Standards - Basic Standards" issued by the Ministry of Finance, as well as various specific accounting standards, application guidelines for enterprise accounting standards, interpretations of enterprise accounting standards, and other relevant regulations (hereinafter referred to as "Enterprise Accounting Standards").

According to the relevant provisions of the Enterprise Accounting Standards, our company's accounting is based on the accrual basis. Except for certain financial instruments, this financial statement is measured based on historical cost. If assets are impaired, corresponding impairment provisions shall be made in accordance with relevant regulations.

2. Sustainable operations

The financial statements are presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of the reporting period.

III. Significant accounting policies and accounting estimates

According to the actual production and operation characteristics and the provisions of relevant accounting standards for business enterprises, the company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for various transactions and events, as detailed in the following descriptions.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company comply with the requirements of the accounting standards for business enterprises, and truly and completely reflect the merger of 31 December 2024 of the company and the financial position of the parent company, as well as the merger of the year 2024, as well as the operating results of the parent company and the cash flow of the merger and the parent company.

2. Accounting period

Our company's accounting period is divided into annual and interim periods, with the interim period referring to a reporting period shorter than a complete accounting year. Our company's accounting year adopts the Gregorian calendar year, which is from January 1st to December 31st each year.

3. Operating cycle

Our company uses 12 months as a business cycle and uses it as the liquidity classification standard for assets and liabilities.

4. Functional currency

The company takes RMB as the bookkeeping base currency.

5. Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in the combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill

arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

If the deductible temporary difference obtained by the acquirer from the acquiree is not recognized on the acquisition date because it does not meet the recognition conditions of deferred income tax assets, within 12 months after the acquisition date, if new or further information shows that the relevant circumstances on the acquisition date have existed and it is

expected that the economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date can be realized, the relevant deferred income tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is not sufficient to offset, the difference shall be recognized as the current profits and losses; except for the above situations, the deferred income tax assets related to business combination shall be recognized and recorded into the current profits and losses.

For business combination not under the same control realized through multiple transactions step by step, whether the multiple transactions are package transactions shall be judged according to the Notice of the Ministry of Finance on Issuing the Interpretation of Accounting Standards for Enterprises No. 5 (CK [2012] No. 19) and Article 51 of Accounting Standards for Enterprises No. 33-Consolidated Financial Statements (see Notes 4 and 5 (2)). If it is a "package deal", the accounting treatment shall be made with reference to the descriptions in the preceding paragraphs of this part and 14 "Long term Equity Investment" in Note IV; If it is not a "package deal", separate individual financial statements and consolidated financial statements for relevant accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

6. The criteria for control and the methods for preparing consolidated financial statements.

(1) Criteria for Control Assessment

The scope of consolidation for financial statements is determined based on control. Control refers to the company's power over the investee, which is manifested through participation in

relevant activities of the investee that provide variable returns. Additionally, the company must possess the ability to utilize this power to influence the amount of those returns. Typically, this includes investees in which the parent company holds more than 50% of the voting rights, as well as situations where the company has less than 50% of the voting rights but, through agreements with other investors, effectively holds more than 50% of the voting power in the investee. This also encompasses the rights stipulated by the company's articles of association or agreements to determine the financial and operational decisions of the investee, the authority to appoint or dismiss the majority of the members of the investee's board of directors, and having majority voting rights on the investee's board.

(2) Consolidated financial statement preparation method

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the closing balance of the previous year in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the closing balance of the previous year and comparison of the consolidated financial statements are not adjusted. For subsidiaries increased through business merger under the same control and combined party consolidated by merger, their operating results and cash flow from ending date of previous year of consolidation period to combining date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and comparison number of consolidated financial statements are adjusted at the same time.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting policies and accounting period. For subsidiaries acquired under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses

that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in the equity of the subsidiary, they are still offset against the minority shareholders' interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Afterwards, the remaining equity of this part is subsequently measured in accordance with relevant regulations such as "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", for details, please refer to Note III, 13 "Long-term equity investment" or Note III, 10 "Financial Instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are concluded simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not package deals, for each transaction, accounting treatment is conducted respectively depending on circumstances according to applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right", "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons". Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated

financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

7. Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint arrangement. Joint operation refers to the joint arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint arrangement where the company only has rights to the net assets of the arrangement.

The company's investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note III, 13 (2) ② "Long-term equity investment accounting by the equity method".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

8. Determination standards of cash and cash equivalents

The company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

9. Foreign exchange business

(1) Conversion of foreign currency transactions

When the company initially recognizes the foreign currency transaction, it is converted to accounting standard currency amount at the spot exchange rate on the transaction date (it generally refers to the central parity rate of exchange rate on the current day published by the

People's Bank of China, the same below), whereas the foreign currency exchange business of the company or foreign currency exchange-related transaction matters are converted to accounting standard currency amount at the actual exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② The exchange difference of hedging instruments used to operate effective hedging of net investment abroad (the difference is included in other comprehensive income and is not recognized as current profit or loss until the net investment is disposed of); and, ③ for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

In the preparation of consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, it is transferred to disposing of current profit or loss.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

(3) Translation method of foreign currency financial statements

In the preparation of consolidated financial statements involving overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, exchange differences resulting from changes in exchange rates are recognized as "translation differences in foreign currency statements" as other comprehensive income; When disposing of overseas operations, it is included in the profit or loss of the disposal period.

The foreign currency financial statements of overseas operations shall be translated into CNY statements in the following ways: the assets and liabilities in the balance sheet shall be translated at the spot exchange rate of the balance sheet date; Shareholders' equity items except

"undistributed profit" items, other items are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated using the spot exchange rate on the date of occurrence of the transaction. The undistributed profit at the end of the previous year is the undistributed profit at the end of the previous year after conversion; The undistributed profit at the end of the period is calculated and shown on the basis of each item of profit distribution after translation; The difference between the total amount of asset items and liability items and shareholders' equity items after translation is recognized as the difference in the translation of foreign currency statements and other comprehensive income. Upon disposal of an overseas operation and loss of control, the conversion difference of the foreign currency statement related to the overseas operation, as shown below in the shareholders' equity item in the balance sheet, shall be transferred to the profit or loss of the disposal of the current period in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate on the date of occurrence of the cash flows. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as a reconciliation item.

The figures at the end of the previous year and the actual figures for the previous year are shown in accordance with the amounts translated into the financial statements of the previous year.

When the Company disposes of all the owner's equity in overseas operations or loses control of overseas operations due to the disposal of part of the equity investment or other reasons, all the translation differences in the foreign currency statements related to the overseas operations attributable to the owner's equity of the parent company as shown below in the shareholders' equity item in the balance sheet are transferred to the profit or loss of the disposal period.

When part of the equity investment is disposed of or other reasons cause the proportion of overseas operating interests to be reduced but the control of overseas operations is not lost, the difference in the translation of foreign currency statements related to the overseas operating disposal part will be attributed to the minority shareholders' equity and will not be transferred to the current profit or loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the difference in the translation of foreign currency statements related to the overseas operation is transferred to the profit or loss of the disposal period in proportion to the disposal of the overseas operation.

10.Financial instruments

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and contractual cash flow characteristics of financial assets, the company divides financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive incomes; financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive incomes

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The company measures such financial assets at fair value with changes included in other comprehensive incomes, but impairment losses or gains, exchange gains and losses, and interest incomes calculated according to the actual interest rate method are included in current profits and losses.

In addition, the company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive incomes. The company records relevant dividend incomes of such financial assets into current profits and losses, and records fair value changes into other comprehensive incomes. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive incomes will transfer from other comprehensive incomes into retained earnings, excluded in current profits and losses.

③ Financial liabilities measured at fair value with changes included in current profit and loss

The company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in

other comprehensive incomes as the financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value with changes included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value with changes included in profits and losses, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for hedge accounting-related, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the company's own credit risk changes, with fair value changes included in other comprehensive incomes, and when the liabilities are derecognized, they are included in other comprehensive incomes, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other finance liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial right to receive cash flow of such financial assets is terminated, assets meeting one

of the following conditions are de-recognized: ①Termination of the contractual right to receive cash flows from the financial asset ②such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the company derecognizes such financial liabilities (or a part thereof). If the company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the company makes substantial modification to the contractual clauses of

original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial instruments exist on active market, the company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

11. Impairment of financial assets

The financial assets that the company needs to confirm impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in other comprehensive incomes, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investments, long-term receivables, etc. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also conducted in accordance with the accounting policies described in this section.

(1) Method for recognizing impairment provision

Based on expected credit losses, the company makes impairment provision and recognizes credit impairment losses according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to charge and discounted by the company at the original actual interest rate, namely the present value of all cash shortages. Among them, for the financial assets purchased or originated and suffered credit impairment, the company discounts such financial assets as per the credit-adjusted actual interest rate.

General method for measuring expected credit losses means that the company assesses on each balance sheet date whether the credit risks of financial assets have increased significantly since initial recognition, and if the credit risks have increased significantly since initial recognition, the company shall measure loss provision based on the amount equivalent to expected credit losses throughout the existence period; if the credit risks have not increased significantly since initial recognition, the company measures loss provision based on the amount equivalent to expected credit losses within the next 12 months. When evaluating expected credit losses, the company considers all reasonable and well-grounded information, including forward-looking information.

For financial instruments with lower credit risks on the balance sheet date, the company assumes their credit risks have not increased significantly since initial recognition, and chooses to measure loss provision based on expected credit losses within the next 12 months.

(2) Criteria for judging whether credit risks have increased significantly since initial recognition

If the default probability of a financial asset within the expected existence period determined on the balance sheet date is significantly higher than the default probability within the expected existence period determined during initial recognition, it indicates that the credit risks of such financial asset have increased significantly. Except in special circumstances, the company adopts the default risk changes that occur within the next 12 months as reasonable estimate of default risk changes that occur throughout the existence period, to determine whether credit risks have increased significantly since initial recognition.

The company will consider the following factors when assessing whether credit risk is increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether the value of collateral used for debt mortgage or the quality of guarantee or credit enhancement provided by third party has changed significantly. These changes are expected to reduce the debtor's economic motivation to repay the loan within the specified period

of contract or affect defaulting probability;

4) Whether expected performance and repayment behavior of the debtor has changed significantly;

5) Whether corporate credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges financial instrument only has relatively low credit risk, the company assumes credit risk of this financial instrument has not increased significantly after initial recognition. If the default risk of financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligation in the short term, and even if unfavorable changes exist in the economic situation and operation environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligation, and such financial instrument is deemed to have lower credit risk.

(3) Accounting treatment method of financial asset impairment

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as an impairment loss; If it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

(4) Method for recognizing credit losses of various financial assets

① Notes receivable

The company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. In addition to notes receivable with individual assessment of credit risks, based on credit risk characteristics of notes receivable, the basis for determining portfolio is as follows:

The basis for determining notes receivable portfolio is as follows:

Portfolio of notes receivable 1 Commercial acceptance bill

Portfolio of notes receivable 2 Bank acceptance bill

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, based on their credit risk characteristics, the basis for determining portfolio is as follows:

Accounts receivable Portfolio 1 Aging combination

Accounts receivable Portfolio 2 Low risk portfolio

Accounts receivable Portfolio 3 Combination of related parties within the scope of consolidation

Among them, the low risk portfolio mainly refers to export tax rebate, Finance Bureau, non tax bureau, special funds collected and paid on behalf of others, trade receivables within one year, Binzhou Municipal State-owned enterprises, etc

The basis for determining the portfolio of contract assets is as follows:

Portfolio 1 of other Engineering construction projec
receivables

Portfolio 2 of other PPP projects with financial asset models in the construction
receivables phase

Portfolio 3 of other Expired warranty deposit
receivables

For other receivables classified into portfolios, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or entire duration, with reference to historical credit loss experience, combined with current status and future economic status forecast.

③Other receivables

Our company measures impairment losses based on whether the credit risk of other receivables has significantly increased since initial recognition, using an amount equivalent to the expected credit loss for the next 12 months or the entire duration. In addition to other receivables assessed for credit risk individually, the basis for determining the portfolio based on their credit risk characteristics is as follows: The basis for determining the portfolio of contract assets is as follows:

Contract Portfolio 1 interest receivable

Contract Portfolio 2 dividend receivable

Contract Portfolio 3 other receivables

For other receivables divided into portfolios, our company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and calculates expected credit losses based on default risk exposure and expected credit loss rates for the next 12 months or the entire duration

④Long-term receivables

The Company measures long-term receivables impairment losses by an amount equivalent to expected credit losses over the next 12 months, or over the duration, based on whether its credit risk has increased significantly since the initial recognition. In addition to long-term receivables that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Long-term receivables portfolio 1	Commodity sales charged by installments
Long-term receivables portfolio 2	Long-term financing funds receivable
Long-term receivables portfolio 3	Other funds

For receivables classified into portfolios, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the entire duration, with reference to historical credit loss experience, combined with current status and future economic status forecast.

⑤ creditor investment, other creditor investment

For creditor investments and other creditor investments, the company calculates expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or entire duration, according to the investment nature, as well as various types of counterparty and risk exposure.

12.Inventory

(1) Classification of inventory

Inventories mainly include contract performance costs, land assets, development costs, development products, etc.

(2) The pricing method issued

Inventory is valued at actual cost upon acquisition. The cost of developing products (development cost) includes land transfer fee, infrastructure expenditure, construction and installation project expenditure, borrowing cost incurred before the completion of the development project and other related expenses during the development process. The cost of goods in stock includes procurement cost, transportation cost and other costs. Land inventory, development costs, development products issued on a case-by-case basis; The weighted average method is used when inventory goods are received and issued.

(3) The inventory system shall be a perpetual inventory system.

(4) The amortization method of low-value consumables and packaging

Low-value consumables are amortized on the single amortization method at the time of use; Packaging is amortized on the single amortization method at the time of receipt.

(5) The recognition standard and accounting method of the reserve for inventory decline

Net realizable value refers to the estimated sold price of inventories less the estimated costs to be incurred upon completion, estimated selling expenses and related taxes in daily activities. When determining the net realizable value of inventories, based on obtaining conclusive evidence, consider the purpose to hold the inventory and the influence of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower between the cost and net realizable value. When the net realizable value is lower than the cost, inventory depreciation reserve is withdrawn. The provision for inventory devaluation is usually based on the difference

between the higher cost of a single inventory item and its net realizable value.

After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(6) Method for development cost accounting

Costs of the company's development projects include:

① Compensation fees for land acquisition and demolition: gathered expenses incurred for purchasing or participating in land auction of real estate development, including land prices, resettlement fees, compensations for demolition of existing buildings, deed taxes, auction service fees, etc.

② Preliminary engineering costs: gathered expenses of planning, design, feasibility study, hydrogeological investigation, surveying and mapping, site leveling, etc before development.

③ Infrastructure costs: gathered infrastructure costs of water supply, power supply, gas supply, sewage discharge, flood drainage, communications, lighting, greening, sanitation facilities, light projects and roads, etc incurred during the development process.

④ Architectural installation engineering costs: gathered all architectural installation engineering costs and equipment costs incurred during the construction and development process according to the architectural installation engineering construction drawings.

⑤ Ancillary facility costs: gathered costs of public ancillary facilities incurred in the development projects, such as boiler rooms, water towers (tanks), bicycle sheds, public security fire control rooms, power distribution rooms, public toilets, kindergartens, schools, recreational and sports facilities, clubs, neighborhood committees and garbage rooms, etc.

Indirect development expense: the expense that is incurred by organization, management and development engineering at the development project site, cannot be directly determined to bear by a certain project and shall be distributed among development projects in accordance with certain standards at the end of month. Including: borrowing cost incurred before the completion of development project, engineering management department office expense, telephone expense, transportation and business trip expense, repair expense, labor protection expense, depreciation expense, low-value consumable amortization, turnover house amortization, management agency personnel remuneration and other expenditures.

When the development project is completed, and meets the housing handover conditions upon inspection and acceptance of relevant government department, calculate or estimate the total saleable area of development products such as residential buildings, shops, offices and parking spaces for sale, apportion the gathered development costs among all development products as per the ratio of salable area of each development product to total salable area, and calculate the actual costs of all development products. If final accounts have not been conducted, include in the development products at the estimated cost, and adjust the development products

according to the difference between actual cost and estimated cost, after the final accounts.

(7) Accounting method for development land

Development land refers to the land use right purchased by the company and planned for real estate development is accounted in the “inventory-intended development land” item, and its book value is transferred into the “inventory-development cost” item for accounting when such land is developed.

For pure land development project, its expenses separately constitute land development costs.

Along with the real estate development projects as a whole, calculate the share of development cost charged into the project as per the floor area of development project; if the land plot ratio of various development projects is so large that it is unreasonable to calculate the share as per the floor area, the share is calculated as per the construction area of development projects.

13.Contractual assets

The Company presents in the balance sheet as a contractual asset the right to receive payments from customers for which the customer has not paid the contractual consideration but for which the Company has performed its obligations under the contract and which are not unconditional (i.e. dependent only on the passage of time). Contract assets and liabilities under the same contract shall be presented in net amount, and contract assets and liabilities under different contracts shall not be offset.

For the determination method and accounting treatment method of expected credit loss of contract assets, see Note III.11. Financial assets impairment.

14.Long-term equity investments

The long-term equity investment in this part refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investments of which the company does not have control, joint control or significant impact on the investee company are accounted as financial assets measured at fair value with changes included in current profits and losses, if they belong to non-transactional, the company may choose to designate them as financial assets measured at fair value with changes included in other comprehensive incomes at initial recognition for accounting, and the accounting policy is shown in Note III, 10 “Financial instruments”.

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. The equity investments held before the consolidation date due to using equity method of accounting or other comprehensive incomes recognized as financial assets measured at fair value with changes included in other comprehensive incomes, are not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is

accounted as the equity method, the related comprehensive income should not be accounted temporarily.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained, the cost should be determined respectively, such as the actual cash paid by the company, the fair value of equity securities issued by the company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the investee.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are

recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets invested by the company to joint venture or associate constitutes a business, the difference between the consideration obtained and the book value of the business is fully recorded in the current profit or loss. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note III, 5, (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between

the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

15. Investment properties

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Mainly including: Rented land use right、Land use right held and ready for transfer after appreciation、Rented buildings. In addition, vacant buildings held by the Company for operational rental are also reported as investment real estate if the Board of Directors (or a similar body) makes a written resolution expressly stating that they will be used for operational rental and that the intention to hold them will not change in the short term.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits

related to the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenses are included in current profit or loss when incurred.

The Company uses a cost model for subsequent measurement of investment real estate and depreciates or amortizes it in accordance with policies consistent with buildings or land use rights.

The company adopts cost model for subsequent measurement of investment real estate, and the method for accrual asset impairment is shown in Note III, 19 “Long-term asset impairment”.

When self-use real estate or inventory is converted into investment real estate or investment real estate is converted into self-use real estate, the book value before conversion is taken as the recorded value after conversion.

When the purpose of the investment real estate is changed for self-use, the investment real estate shall be converted into fixed assets or intangible assets from the date of change. When the use of self-used real estate is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment real estate from the date of change. When conversion occurs, if it is converted to investment real estate measured by the cost mode, the book value before conversion shall be taken as the recorded value after conversion; In the case of conversion to investment real estate measured in the fair value mode, the fair value on the conversion date shall be taken as the recorded value after conversion.

When the investment real estate is disposed of or permanently retired from use and it is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or destruction of investment real estate is included in current profit or loss after deducting its carrying value and related taxes.

16. Investment Real Estate

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciations	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
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Category	Depreciations	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20-50	5	1.90-4.75
Machinery and equipment	Straight-line method	10	5	9.50
office equipment	Straight-line method	3-5	5	19.00-32.33
Transport equipment	Straight-line method	5	5	19.00
Other	Straight-line method	3-5	5	19.00-32.33

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

For the details of impairment test method and withdrawal method of impairment provision of fixed assets, please refer to Note III, 21 “Long-term Asset Impairment”.

(4) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

17. Construction in progress

The construction of the company is divided into two types: self-operated construction and outsourcing construction. The fixed assets of the project under construction shall be carried forward when the project is completed and reaches the pre-intended usable state. The criteria for determining the intended serviceability state shall meet one of the following conditions: the physical construction (including installation) of the fixed assets has been completed or substantially completed; Has been in trial production or trial operation, and the results show that the asset can operate normally or can produce qualified products stably, or the results of the trial operation show that it can operate or operate normally; The amount of expenditure on the fixed

assets of the construction is little or no longer occurring; The fixed assets purchased and built have met the design or contract requirements, or are basically in accordance with the design or contract requirements.

When the construction under construction reaches the predetermined usable state, the fixed assets shall be transferred according to the actual cost of the project. If it has reached the predetermined usable state but has not yet handled the final account for completion, it shall be transferred to the fixed assets according to the estimated value, and the original provisional value shall be adjusted according to the actual cost after the final account for completion, but the depreciation originally accrued shall no longer be adjusted.

For details of the impairment test method and withdrawal method of impairment provision of construction in progress, please refer to Note III, 19 “Long-term Asset Impairment”.

18.Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and

other assets that need a considerable period of time for acquisition and construction or production activities to reach their intended serviceable or marketable status

19. Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized

The useful life, determination basis, and amortization method of intangible asset projects with limited useful life are as follows:

Items	Expected service life (years)	The basis for determining the service life
Land use right	50	Statutory right to use
Software and Other	10	The service life is determined by referring to the period that can bring economic benefits to the company
Concession	Operation period	PPP project operation contract

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

20. Long term deferred expenses

Long-term deferred expenses refer to expenses that have occurred but should be borne by the reporting period and subsequent periods with a amortization period of more than one year.

The long-term deferred expenses are amortized by installments over the expected benefit period.

21. Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, right-of-use asset, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

22.Contract liabilities

Contract liabilities refer to corporate obligation of transferring commodities to customers for customer consideration received or receivable. If customers have paid contract consideration or the company has obtained unconditional right of receiving payment before the company transfers commodities to customers, the company presents such received amount or receivables as contract liabilities at the time of actual payment amount or payable in due time by customers, whichever is earlier. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

23.Employee remuneration

Staff remuneration of the company mainly includes short-term staff remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares. Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. The company recognizes actual short-term staff remuneration incurred during accounting period when the employee provides service for the company as liabilities, and charges to current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-dismissal welfare plan includes defined contribution plan. For defined contribution plan, the corresponding payable amount shall be included in relevant asset cost or current profits and losses when incurred.

When terminating the employment relationship with an employee before the expiration of the labor contract, or proposing compensation to encourage employees to voluntarily accept layoffs, and the company cannot unilaterally withdraw the termination benefits provided due to the termination of the employment relationship plan or layoff proposal, or when the company recognizes the costs related to the restructuring involving the payment of termination benefits, whichever is earlier, the employee compensation liability arising from termination benefits shall be recognized and included in the current period's profit and loss. If the expected termination benefits cannot be fully paid within twelve months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. The company will include the internally retired staff salary to be paid from the date of staff ceasing providing service to the date of normal retirement and the paid social insurance premium, etc. into the current profits and losses (dismissal welfare), while meeting the criteria of recognizing estimated liabilities.

For other long-term staff welfare offered by the company to the employee, in case of

compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

24.Revenue

When the contract between the company and customers meets the following conditions simultaneously, income is recognized when customers obtain relevant control right of commodity: all parties to the contract have approved this contract and promised to perform their respective obligations; the contract has clarified the rights and obligations of all parties to the contract pertaining to the transferred commodity or provided labor; the contract has clear payment terms regarding the transferred commodity; the contract has commercial substance, namely the performance of this contract will change the company's future cash flow risk, time distribution or amount; the consideration obtained by the company due to transferring commodity to customers is likely to be recovered.

On the contract start date, the company identifies each individual performance obligation in the contract, and apportions the transaction price to each individual performance obligation as per the relative proportion of separate selling price for the commodity promised by each individual performance obligation. When determining transaction price, the impact of factors are considered, such as variable consideration, major financing component in the contract, non-cash consideration and consideration payable to customers.

For each individual performance obligation in the contract, if one of the following conditions is met, the company will recognize the transaction price allocated to that individual performance obligation as revenue during the relevant performance period according to the performance progress: the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; Customers are able to control the goods under construction during the performance process of our company; The products produced during the performance process of our company. The goods produced have an irreplaceable purpose, and our company has the right to collect payments for the completed performance portion throughout the entire contract period. The performance progress is determined using the input-output method based on the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the costs already incurred by the company are expected to be compensated, revenue is recognized based on the amount of costs already incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the company recognizes income for the transaction price apportioned to this individual performance obligation at the time when customers obtain relevant control right of commodity. When judging whether customers have obtained commodity control right, the company considers the following signs: the company is entitled to current charging right for such commodity, which means customers have current payment obligation for such commodity; the company has transferred legal ownership of such commodity to customers,

which means customers have held legal ownership of such commodity; the company has transferred such commodity in kind to customers, which means customers have occupied such commodity in kind; the company has transferred main risk and reward on ownership of such commodity to customers, which means customers have obtained main risk and reward on ownership of such commodity; customers have accepted such commodity; other signs indicating customers have obtained commodity control right.

25.Contract cost

If the incremental cost incurred by the group to obtain the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract. If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises other than the accounting standards for business enterprises No.14 - Revenue (revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset as the cost of contract performance: ① the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by customers and other costs incurred only because of the contract; ② This cost increases the resources that the group will use to fulfill its performance obligations in the future; ③ The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as the recognition of commodity income related to the assets and included in current profits and losses.

26.Government Grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy. If government grants are monetary assets, measure according to received or receivable amount.

Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit; (4) other relevant criteria to meet according to specific circumstances of the company and such subsidy matter (if any).

Asset-related government grants are recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government grant is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

27.Deferred income tax assets/deferred income tax liabilities

Based on the difference between the carrying value of an asset or liability and its tax basis (if the tax basis of an item not recognized as an asset or liability can be determined in accordance with the provisions of the tax law, the difference between the tax basis and its carrying amount), the deferred income tax asset or deferred income tax liability is calculated and recognized at the applicable tax rate during the expected recovery of the asset or settlement of the liability.

Deferred tax assets are recognized to the extent that taxable income is likely to be obtained against deductible temporary differences. At the balance sheet date, where there is solid evidence that it is likely that sufficient taxable income will be obtained in future periods to offset deductible temporary differences, deferred tax assets that have not been recognized in previous accounting periods are recognized.

On the balance sheet date, the carrying value of the deferred income tax asset is reviewed and the carrying value of the deferred income tax asset is written down if it is likely that sufficient taxable income will not be obtained in the future period to offset the benefits of the deferred income tax asset. Reverse the amount written down when it is likely that sufficient taxable income will be obtained.

The current income tax and deferred income tax of the Company are recorded as income tax expense or gain in the current profit or loss, but the income tax arising from the following circumstances are excluded: A transaction or event recognized directly in the owner's equity.

Where there is a statutory right to net settlement and the intention is to net settlement or the acquisition of assets and the settlement of liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company are presented as the net offset.

28.lease

(1) The Company acts as a lessee

At the beginning of the lease term, the Company recognizes the right of use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense respectively during the lease term.

The Company uses the straight-line method to charge lease payments for short-term leases

and low-value asset leases to current expenses during each period of the lease term.

① right to use assets

The term "right to use" refers to the lessee's right to use the leased asset during the lease term. On the commencement date of the lease term. Use rights assets are initially measured at cost. The cost includes: (1) the initial measurement amount of the lease liability; ② The amount of the lease payment paid on or before the start date of the lease term, if there is a lease incentive, less the amount related to the lease incentive that has been enjoyed; (3) Initial direct expenses incurred by the lessee; (4) The costs that the Lessee expects to incur in order to dismantle and remove the leased asset, rehabilitate the premises where the leased asset is located, or restore the leased asset to its condition as agreed in the lease terms.

The depreciation of the Company's right to use assets shall be classified by the average life method. If it can be reasonably ascertained that the ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be calculated during the estimated remaining useful life of the leased asset; Where there is no reasonable certainty that ownership of the leased asset will be acquired at the end of the lease term, depreciation shall be accrued during the shorter of the lease term and the remaining useful life of the leased asset.

The Company shall, in accordance with the relevant provisions of the Accounting Standard for Business Enterprises No. 8 - Asset Impairment, determine whether the right of use assets have been impaired and conduct accounting treatment.

② Lease liabilities

Lease liabilities are initially measured at the present value of outstanding lease payments on the commencement date of the lease term. The amount of the lease payment includes: (1) the fixed payment amount (including the actual fixed payment amount), if there is a lease incentive, the amount related to the lease incentive is deducted; Variable lease payments depending on the index or ratio; (3) the amount expected to be paid based on the remaining value of the guarantee provided by the lessee; (d) the exercise price of the purchase option, provided that the Lessee reasonably determines that the option will be exercised; The amount payable to exercise the option to terminate the lease, provided that the lease term reflects that the Lessee will exercise the option to terminate the lease;

The Company uses the lease intrinsic rate as the discount rate; If the inherent interest rate of the lease cannot be reasonably determined, the Company's incremental borrowing rate will be used as the discount rate. The Company calculates the interest expense of the lease liability

during each period of the lease term at a fixed cyclical interest rate and includes it in the finance expense. This cyclical rate refers to the discount rate or revised discount rate adopted by the Company.

Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit or loss when actually incurred.

When the Company's evaluation of the renewal option, termination option or purchase option changes, the lease liability is remeasured at the present value calculated by the changed lease payment amount and the revised discount rate, and the carrying value of the right to use asset is adjusted accordingly. In the event of a change in the actual lease payment, the estimated amount payable on the guarantee balance, or a variable lease payment depending on an index or ratio, the lease liability is remeasured at the present value of the changed lease payment and the original discount rate, and the carrying value of the right to use asset is adjusted accordingly.

(3) Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term not exceeding 12 months on the commencement date of the lease) and low-value assets (with a value less than \$2,000), the Company adopts a simplified approach, does not recognize the right of use assets and lease liabilities, and credits the lease payments to the relevant asset cost or current profit or loss in accordance with the straight-line method or other systematic and reasonable methods during each period of the lease term.

(2) The Company acts as lessor

① Operating leasing

The Company uses the straight-line method to recognize lease receipts from operating leases as rental income for each period of the lease term. Variable lease payments relating to operating leases that are not included in lease collections are recognised in current profit or loss when actually incurred.

② Financial leasing

On the commencement date of the lease term, the Company recognizes the financial lease payments receivable and terminates the recognition of the financial lease assets. Financial lease receivables are initially measured at the net lease investment (the sum of the unsecured balance and the unreceived lease proceeds at the beginning date of the lease term at the present value of the discounted intrinsic interest rate of the lease), and interest income is recognized during the

lease term at a fixed periodic interest rate. Variable lease payments obtained by the Company that are not measured in net lease investments are recognised in profit or loss when actually incurred.

29.Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

① Interpretation of accounting standards for enterprises No.17

On October 25, 2023, the Ministry of Finance issued the interpretation of accounting standards for enterprises No.17 (Accounting [2023] No.21, hereinafter referred to as interpretation No.17), which will come into effect on January 1, 2024. The company will implement the provisions of interpretation No.17 from January 1, 2024. The implementation of the relevant provisions of interpretation No.17 has no material impact on the financial statements of the company during the reporting period.

② Interpretation of accounting standards for enterprises No.18

The compilation of guidelines for the application of accounting standards for business enterprises 2024 issued by the Ministry of Finance in March 2024 and the interpretation of accounting standards for business enterprises No.18 issued on December 6, 2024 stipulate that warranty costs should be included in operating costs. The company has implemented the regulation since 2024, and the guaranteed quality assurance fee has been included in the operating cost. The implementation of the relevant provisions of interpretation No.18 has no material impact on the financial statements of the company during the reporting period.

(2) Accounting estimate change

Major accounting estimates are not changed during the reporting period.

IV.Tax items

1. Main tax categories and tax rates

Tax category	Tax calculation basis	Tax rate or levy rate
VAT	The output tax of taxable income shall be calculated at the tax rates of 13%, 9% and 6%, and the value-added tax shall be calculated and paid according to the difference after deducting the input tax allowed to be deducted in the current period. The value-added tax shall be calculated at the tax rate of 5% for the simple collection of land transfer income.	13%、9%、6%、5%
Urban maintenance and construction tax	Actually paid turnover tax	7%
Education surcharge	Actually paid turnover tax	3%

Tax category	Tax calculation basis	Tax rate or levy rate
Local education surcharge	Actually paid turnover tax	2%
Corporate income tax	Income tax payable	15%, 25% and overseas subsidiaries shall be paid at the statutory tax rate of the country or region where they are located

V. Notes on consolidated financial statement items

In the following note items (including main item notes of corporate financial statement), unless otherwise specified, “the end of the period” refers to 31 December 2024, “the end of last year” refers to 31 December 2023, “the current period” refers to the year 2024, and “at the end of the previous period” refers to the year 2023.

1. Cash and Cash Equivalents

Items	Closing balance	Previous year ending balance
Cash on hand	164,173.59	236,470.01
Bank savings	4,983,454,048.52	5,243,008,917.11
Other monetary funds	506,273,894.31	1,055,792,980.90
Interest receivable not due	1,208,768.05	
Total	5,491,100,884.47	6,299,038,368.02

(1) Other monetary funds of CNY 506,273,894.31 are the balance of migrant worker wage deposits, loan deposits, bank acceptance bill deposits (including restricted deposit interest), letter of credit deposits and CNY107,225,000.00 fixed deposit certificates.

2. Notes receivable

(1) Classification and listing

Items	Closing balance	Previous year ending balance
Bank acceptance bill	7,946,404.49	5,921,618.43
Commercial acceptance bill	16,750,922.91	24,600,000.00
Supply Chain	100,000.00	
Subtotal	24,797,327.40	30,521,618.43
Less: Bad debt provision	30,674.45	26,613.17
Total	24,766,652.95	30,495,005.26

3. Accounts receivable

(1) Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	2,628,378,168.22	1,174,529,730.51
1-2 years	460,973,500.41	331,860,327.87

Aging	Closing balance	Previous year ending balance
2-3 years	151,598,181.72	150,794,060.24
Over 3 years	1,701,568,848.46	1,909,675,871.21
Subtotal	4,942,518,698.81	3,566,859,989.83
Less: Bad debt provision	437,759,884.08	416,292,311.64
Total	4,504,758,814.73	3,150,567,678.19

(2) Provision for bad debts

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debt reserve	154,236,020.26	3.12	154,236,020.26	100.00	
Accounts receivable for which bad debt provision has been assessed by portfolios	4,788,282,678.55	96.88	283,523,863.82	5.92	4,504,758,814.73
Among them: Aging combination	1,625,756,963.53	32.89	267,711,235.23	16.47	1,358,045,728.30
Low risk combination	3,162,525,715.02	63.99	15,812,628.59	0.50	3,146,713,086.43
Total	4,942,518,698.81	100.00	437,759,884.08	8.86	4,504,758,814.73

(Continued)

Category	Previous year ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debt reserve	153,260,865.10	4.30	152,615,615.73	99.58	645,249.37
Accounts receivable for which bad debt provision has been assessed by portfolios	3,413,599,124.73	95.70	263,676,695.91	7.72	3,149,922,428.82
Among them: Aging combination	1,631,667,232.54	45.74	254,767,036.46	15.61	1,376,900,196.08
Low risk combination	1,781,931,892.19	49.96	8,909,659.45	0.50	1,773,022,232.74
Total	3,566,859,989.83	100.00	416,292,311.64	11.67	3,150,567,678.19

(3) Accounts receivable of the top five ending balances collected by debtors

The total amount of the top five accounts receivable collected by the debtor in this period is CNY2,436,471,803.90, accounting for 49.30% of the total ending balance of accounts receivable.

4. Advances to suppliers**(1) Disclosure by age**

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	744,457,211.01	91.19	605,382,802.56	78.09
1-2 years	68,282,770.82	8.36	76,917,896.80	9.92

Aging	Closing balance		Previous year ending balance	
	Amount	Proportion (%)	Amount	Proportion (%)
2-3 years	3,659,261.40	0.45	22,961,988.86	2.96
More than 3 years	508.28	0.00	70,020,844.37	9.03
Total	816,399,751.51	100.00	775,283,532.59	100.00

5. Other receivables

Items	Closing balance	Previous year ending balance
Other receivables	5,433,496,013.96	5,627,251,154.77
Total	5,433,496,013.96	5,627,251,154.77

(1) Other receivables**① Disclosure by age**

Aging	Closing balance	Previous year ending balance
Within 1 year	2,657,335,916.52	1,787,934,241.10
1-2 years	506,232,244.05	1,386,134,406.59
2-3 years	904,088,388.27	477,392,294.69
Over 3 years	1,815,780,624.44	2,392,976,828.01
Subtotal	5,883,437,173.28	6,044,437,770.39
Less: bad debt provision	449,941,159.32	417,186,615.62
Total	5,433,496,013.96	5,627,251,154.77

② Bad debt provision

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit losses throughout existence period (no credit impairment occurred)	Expected credit losses throughout existence period (credit impairment occurred)	
Previous year ending balance	247,406,708.44	783,981.88	168,995,925.30	417,186,615.62
Provision for this period	19,888,305.93	1,533,302.35	24,205,751.94	45,627,360.22
Current period reversal	12,783,630.68		89,185.84	12,872,816.52
Current write off				
Closing balance	254,511,383.69	2,317,284.23	193,112,491.40	449,941,159.32

③ Other receivables with the top five ending balances collected by debtor

The total amount of the top five other receivables collected by the debtor in this period is CNY 2,166,867,740.32, accounting for 36.83% of the total ending balance of other receivables.

6. Inventory**(1) Inventory classification**

Items	Closing balance		
	Book balance	Inventory falling price reserves	Book value
Raw materials	267,541,980.35	20,747,656.44	246,794,323.91
Goods in process of manufacture	58,455,425.42	7,374,775.09	51,080,650.33
Inventory	988,509,613.87	160,367,915.49	828,141,698.38
Entrusted processing materials	6,560,116.80		6,560,116.80
Development cost	3,167,552,944.37		3,167,552,944.37
Develop products	2,223,218,830.59		2,223,218,830.59
Turnover materials	43,771.06		43,771.06
Materials in transit	5,309.73		5,309.73
Contract performance costs	4,826,336,614.92		4,826,336,614.92
Land and housing inventory	3,671,382,748.23		3,671,382,748.23
Low value consumables	4,416,557.62		4,416,557.62
Total	15,214,023,912.96	188,490,347.02	15,025,533,565.94

(Continued)

Items	Previous year ending balance		
	Book balance	Inventory falling price reserves	Book value
Raw materials	286,479,306.36	19,376,922.06	267,102,384.30
Goods in process of manufacture	41,464,977.96	5,345,576.77	36,119,401.19
Inventory	840,506,257.89	113,514,052.84	726,992,205.05
Entrusted processing materials	6,020,303.31		6,020,303.31
Development cost	2,548,421,639.66		2,548,421,639.66
Develop products	1,891,844,563.80		1,891,844,563.80
Turnover materials	189,224.24		189,224.24
Materials in transit	15,040,378.88		15,040,378.88
Contract performance costs	4,515,044,976.37		4,515,044,976.37
Land and housing inventory	3,752,330,034.11		3,752,330,034.11
Low value consumables	1,830,033.28		1,830,033.28
Total	13,899,171,695.86	138,236,551.67	13,760,935,144.19

7.Contractual assets

(1) Contractual assets classification

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Engineering construction	75,980,214.87		75,980,214.87
Total	75,980,214.87		75,980,214.87

(Continued)

Items	Previous year ending balance		
	Book balance	Provision for impairment	Book value
Engineering construction	223,561,663.56		223,561,663.56
Total	223,561,663.56		223,561,663.56

8.Non-current assets due within one year

Items	Closing balance	Previous year ending balance
Long term deferred expenses with amortization period less than one year	94,594.53	238,943.32
Total	94,594.53	238,943.32

9.Other current assets

Items	Closing balance	Previous year ending balance
VAT credit and Prepaid tax	432,015,964.52	485,260,779.26
Deferred expenses	99,284.01	1,701,550.06
Total	432,115,248.53	486,962,329.32

10.Debt investments

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Certificate of deposit	346,680,000.00		346,680,000.00			
Interest receivable not due	1,880,363.65		1,880,363.65			
Total	348,560,363.65		348,560,363.65			

11.Long-term receivables**(1) Long term accounts receivable situation**

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Installment sales	1,344,903,184.00	6,724,515.92	1,338,178,668.08	1,344,903,184.00	6,724,515.92	1,338,178,668.08

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Long term financing receivables	745,762,472.58	3,728,812.36	742,033,660.22	831,065,207.56	4,155,326.04	826,909,881.52
Other	2,856,411,779.70	14,282,058.90	2,842,129,720.80	3,222,177,714.42	16,110,888.57	3,206,066,825.85
Subtotal	4,947,077,436.28	24,735,387.18	4,922,342,049.10	5,398,146,105.98	26,990,730.53	5,371,155,375.45
Less: long-term receivables due within one year						
Total	4,947,077,436.28	24,735,387.18	4,922,342,049.10	5,398,146,105.98	26,990,730.53	5,371,155,375.45

12.Long-term equity investments

Investee	Previous year ending balance	Increases and decreases in current period			
		Additional investment	Reduced investment	Investment gains and losses	Adjustment of other comprehensive income
1.Associates					
Binzhou Asset Management Co., Ltd	321,675,879.13			9,417,575.41	
Shandong Expressway Zhanlin Expressway Co., Ltd	1,377,205,165.55	46,470,000.00		140,127,695.96	
Binzhou Chengtuo Engineering Consulting Co., Ltd	625,781.71			-28,028.03	
Shandong Huidaruihe Assembly Engineering Co., Ltd	7,673,364.15			-1,249,893.98	
Binzhou Beihai Haitian Real Estate Co., Ltd	81,250.14			-81,250.14	
Shandong Binbo Hangxiao Green Building Technology Co., Ltd	24,017,991.26			-5,137,749.43	
Yellow River Delta (Binzhou) port Management and Operation Co., Ltd	10,000,000.00				
Wudi Minjian Culture&Sports Co., Ltd	73,463.80				
Zouping Guozi Engineering Construction Co., Ltd	490,000.00				
Binzhou Jigao Finance and Culture Development Co., Ltd		900,000.00		-69,757.80	
Binzhou Heyue Education Industry Development Group Co., Ltd		64,000,000.00			
Shandong Huizhong Information Technology Co., Ltd	125,000.00				
Beijing bota Technology Co., Ltd		9,800,000.00			
Total	1,741,967,895.74	121,170,000.00		142,978,591.99	

(Continued)

Investee	Increases and decreases in current period				Closing balance
	Other equity changes	Declaration of cash dividends or profits	Provision for impairment	Other	
1.Associates					
Binzhou Asset Management Co., Ltd					331,093,454.54
Shandong Expressway Zhanlin Expressway Co., Ltd					1,563,802,861.51
Binzhou Chengtou Engineering Consulting Co., Ltd					597,753.68
Shandong Huidaruihe Assembly Engineering Co., Ltd					6,423,470.17
Binzhou Beihai Haitian Real Estate Co., Ltd					
Shandong Binbo Hangxiao Green Building Technology Co., Ltd					18,880,241.83
Yellow River Delta (Binzhou) port Management and Operation Co., Ltd					10,000,000.00
Wudi Minjian Culture&Sports Co., Ltd					73,463.80
Zouping Guozi Engineering Construction Co., Ltd					490,000.00
Binzhou Jigao Finance and Culture Development Co., Ltd					830,242.20
Binzhou Heyue Education Industry Development Group Co., Ltd					64,000,000.00
Shandong Huizhong Information Technology Co., Ltd					125,000.00
Beijing bota Technology Co., Ltd					9,800,000.00
Total					2,006,116,487.73

13.Other equity instrument investments

Items	Closing balance	Previous year ending balance
Equity instrument investment	6,133,221,079.07	1,887,535,037.60
Total	6,133,221,079.07	1,887,535,037.60

14.Other non-current financial assets

Items	Closing balance	Previous year ending balance
Equity instrument investment	3,693,027,444.75	3,077,060,096.85
Total	3,693,027,444.75	3,077,060,096.85

15.Investment properties**(1)Investment real estate with the model of cost measurement**

Items	Houses and buildings	Land use right	Total
I. Original book value			
1.Previous year ending balance	55,743,021.86	43,089,961.20	98,832,983.06

Items	Houses and buildings	Land use right	Total
2.Increased amount in current period	445,312,800.00	119,221,400.00	564,534,200.00
(1)Transfer in of intangible assets/construction in progress	445,312,800.00	119,221,400.00	564,534,200.00
3.Decreased amount in current period			
4.Closing balance	501,055,821.86	162,311,361.20	663,367,183.06
II. Cumulative depreciation and amortization			
Previous year ending balance	6,533,736.87	2,075,163.19	8,608,900.06
Increased amount in current period	2,659,359.25	2,144,733.23	4,804,092.48
(1)Provision	2,659,359.25	2,144,733.23	4,804,092.48
3 . Decreased amount in current period			
4.Closing balance	9,193,096.12	4,219,896.42	13,412,992.54
III.Provision for impairment			
Previous year ending balance			
2. Increased amount in current period			
3. Decreased amount in current period			
4.Closing balance			
IV.Book value			
1.Closing Book value	488,290,771.34	158,091,464.78	646,382,236.12
2.Previous year ending Book value	49,209,284.99	41,014,798.01	90,224,083.00

16.Fixed assets

Items	Closing balance	Previous year ending balance
Fixed assets	2,571,471,595.01	2,229,611,675.59
Fixed asset liquidation	274,946,782.35	264,778,408.12
Total	2,846,418,377.36	2,494,390,083.71

(1) Fixed assets**① Fixed assets situation**

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic equipment	Other	Total
I. Original book value						
Previous year ending balance	2,179,041,781.77	957,391,317.94	23,371,194.09	67,873,082.31	7,647,497.98	3,235,324,874.09
2. Increased amount in current period	452,027,766.19	46,253,510.83	2,582,975.58	31,139,021.66	4,929,153.06	536,932,427.32
(1) Purchase	48,904,163.84	26,803,172.62	2,582,975.58	30,839,021.66	4,929,153.06	114,058,486.76
(2) Construction in progress/inventory transfer in	403,123,602.35	19,450,338.21		300,000.00		422,873,940.56
3. Decreased amount in current period	16,695.00	33,800,461.02	2,911,139.63	2,400,583.48	618,332.92	39,747,212.05
(1) Disposal or scraping	16,695.00	33,800,461.02	2,911,139.63	2,373,153.39	618,332.92	39,719,781.96
(2) Other transfers				27,430.09		27,430.09

Items	Houses and buildings	Machinery equipment	Transportation	Office and electronic equipment	Other	Total
4. Closing balance	2,631,052,852.96	969,844,367.75	23,043,030.04	96,611,520.49	11,958,318.12	3,732,510,089.36
II. Cumulative depreciation						
Previous year ending balance	427,828,328.68	505,557,195.21	16,344,404.87	50,231,513.00	5,746,806.40	1,005,708,248.16
2. Increased amount in current period	75,202,186.90	88,909,702.32	1,661,235.65	14,559,623.74	2,057,413.13	182,390,161.74
(1) Provision	75,202,186.90	88,909,702.32	1,661,235.65	14,559,623.74	2,057,413.13	182,390,161.74
3. Decreased amount in current period		21,982,998.99	2,705,130.22	2,316,077.42	60,659.26	27,064,865.89
(1) Disposal or scraping		21,982,998.99	2,705,130.22	2,297,857.59	60,659.26	27,046,646.06
(2) Other transfers				18,219.83		18,219.83
4. Closing balance	503,030,515.58	572,483,898.54	15,300,510.31	62,475,059.31	7,743,560.27	1,161,033,544.01
III. Provision for impairment						
Previous year ending balance				4,950.34		4,950.34
2. Increased amount in current period						
3. Decreased amount in current period						
4. Closing balance				4,950.34		4,950.34
IV. Book value						
1. Closing Book value	2,128,022,337.38	397,360,469.21	7,742,519.73	34,131,510.84	4,214,757.85	2,571,471,595.01
2. Previous year ending Book value	1,751,213,453.09	451,834,122.73	7,026,789.22	17,636,618.97	1,900,691.58	2,229,611,675.59

② Fixed asset liquidation

Items	Closing balance	Previous year ending balance
Old factory relocation items	274,946,782.35	264,778,408.12
Total	274,946,782.35	264,778,408.12

17. Construction in progress

Items	Closing balance	Previous year ending balance
Construction in progress	3,268,612,615.85	3,906,707,184.27
Total	3,268,612,615.85	3,906,707,184.27

(1) Construction in progress

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Infrastructure construction project of high-speed railway logistics park	917,339,022.17		917,339,022.17
Binzhou Yellow River Basin Ecological Protection Project	153,565,615.39		153,565,615.39

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Cultural Tourism Infrastructure Project of Yellow River Botanical Garden	503,358,636.41		503,358,636.41
Smart Green Factory	1,930,773.27		1,930,773.27
Huanghe Tower Construction Project	375,059,009.13		375,059,009.13
Infrastructure Project of Medical and Health Research Transformation Industrial Park	234,675,962.62		234,675,962.62
National Health Culture Center	930,313,860.79		930,313,860.79
Yangliuxue Binsheng Group Centralized Isolation Medical Observation Site	52,395,279.53		52,395,279.53
Binzhou Yellow River Cultural Protection and Utilization Construction Project	79,699,537.18		79,699,537.18
Talent Apartment Building and Comprehensive Service Building Construction Project	2,267,728.72		2,267,728.72
Binzhou Smart City Integrated Service Informatization Transformation Project	10,630,494.44		10,630,494.44
Binzhou High-speed Railway Station Integrated Transportation Hub Project	2,542,309.55		2,542,309.55
Other minor works	4,834,386.65		4,834,386.65
Total	3,268,612,615.85		3,268,612,615.85

(Continued)

Items	Closing balance		
	Book balance	Provision for impairment	Book value
Infrastructure Construction Project of High-speed Railway Logistics Park	735,137,482.86		735,137,482.86
Binzhou Yellow River Basin Ecological Protection Project	144,394,189.31		144,394,189.31
Cultural tourism Infrastructure Project of Yellow River Botanical Garden	321,244,923.32		321,244,923.32
Smart Green Factory	952,827.14		952,827.14
Other minor works	5,175,648.37		5,175,648.37
Huanghe Tower Construction Project	401,274,542.71		401,274,542.71
Infrastructure Project of Medical and Health Research Transformation Industrial Park	629,832,993.57		629,832,993.57
Cultural Center - Training Center	4,219,943.05		4,219,943.05
National Health Culture Center	1,614,117,832.89		1,614,117,832.89
Yangliuxue Binsheng Group Centralized Isolation Medical Observation Site	50,356,801.05		50,356,801.05
Total	3,906,707,184.27		3,906,707,184.27

18.Intangible assets

(1) Classification of Intangible assets

Items	Land use right	Trademark	PPP Project Items	Software and Other	Sea area use right	Total
I. Original book value						
1. Previous year ending balance	1,973,591,841.16	2,923,208.56	4,993,169,442.98	22,956,167.53	6,938,104.64	6,999,578,764.87
2. Increased amount in current period	77,195,032.34		325,750,544.97	4,056,724.39	323,385.60	407,325,687.30
(1) Purchase	10,517,673.34			4,056,724.39	323,385.60	14,897,783.33
(2) Transfer of contract assets/construction in progress			325,750,544.97			325,750,544.97
(3) Shareholder investment	66,677,359.00					66,677,359.00
3. Decreased amount in current period	130,204,611.00			31,238.04		130,235,849.04
(1) Disposal	10,983,211.00			31,238.04		11,014,449.04
(2) Transferred to investment property	119,221,400.00					119,221,400.00
4. Closing balance	1,920,582,262.50	2,923,208.56	5,318,919,987.95	26,981,653.88	7,261,490.24	7,276,668,603.13
II. Accumulated amortization						
1. Previous year ending balance	126,898,518.77	2,888,437.55	165,694,870.46	14,041,962.50	178,209.60	309,701,998.88
2. Increased amount in current period	19,606,874.62	10,000.00	149,566,991.02	2,036,776.52	178,209.60	171,398,851.76
(1) Provision	19,606,874.62	10,000.00	149,566,991.02	2,036,776.52	178,209.60	171,398,851.76
3. Decreased amount in current period				28,927.13		28,927.13
(1) Disposal				28,927.13		28,927.13
4. Closing balance	146,505,393.39	2,898,437.55	315,261,861.48	16,049,811.89	356,419.20	481,071,923.51
III. Provision for impairment						
1. Previous year ending balance						
2. Increased amount in current period						
3. Decreased amount in current period						

4. Closing balance						
IV. Book value						
1. Closing Book value	1,774,076,869.11	24,771.01	5,003,658,126.47	10,931,841.99	6,905,071.04	6,795,596,679.62
2. Previous year ending Book value	1,846,693,322.39	34,771.01	4,827,474,572.52	8,914,205.03	6,759,895.04	6,689,876,765.99

19. Long-term prepaid expense

Items	Previous year ending balance	Increase in current period	Current amortization Amount	Other decreases Amount	Closing balance
Advanced Research Institute Project	8,081,228.50		481,957.86		7,599,270.64
Green Warehousing Project		5,563,170.01	188,967.36		5,374,202.65
Other	598,780.77	717,734.69	9,712.44		1,306,803.02
Start up fee	5,306,104.50	1,816,137.63	2,288,172.31		4,834,069.82
Renovation fee	42,482,505.68	13,547,315.61	54,507,411.04		1,522,410.25
Total	56,468,619.45	21,644,357.94	57,476,221.01		20,636,756.38

20. Deferred tax assets/Deferred income taxes**(1) Details of deferred income tax assets not offset**

Items	Closing balance		Previous year ending balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Impairment of Assets	298,109,978.92	74,527,494.73	273,173,154.33	68,293,288.58
Unrealized internal transaction gains and losses	912,337.24	228,084.31	679,955.92	169,988.98
Total	299,022,316.16	74,755,579.04	273,853,110.25	68,463,277.56

21. Other non-current assets

Items	Closing balance	Previous year ending balance
Prepayment of long-term assets such as engineering and equipment	462,850.00	88,224,367.15
Debt paying assets	12,003,943.00	12,003,943.00
Proxy equity	364,520,103.98	425,891,814.73
Advance payment for land	420,000,000.00	420,000,000.00
Equity advance	30,000,000.00	36,000,000.00
Total	826,986,896.98	982,120,124.88

22. Short-term borrowings**(1) Classification of Short-term borrowings**

Items	Closing balance	Previous year ending balance
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Items	Closing balance	Previous year ending balance
Pledged loan	19,570,000.00	9,600,000.00
Credit borrowing	619,632,350.55	491,609,526.85
Guaranteed borrowings	1,393,315,289.81	1,516,640,000.00
Mortgages	328,840,000.00	313,000,000.00
Mortgage+guarantee	39,900,000.00	19,000,000.00
Pledge+guarantee	284,400,000.00	
Accrued interest on short-term borrowings	2,115,713.38	1,126,282.57
Total	2,687,773,353.74	2,350,975,809.42

23. Notes payable

Items	Closing balance	Previous year ending balance
Bank acceptance bill	447,988,854.79	792,860,000.00
Commercial acceptance bill	9,708,241.18	143,065,572.65
Supply Chain	28,550,500.00	
Total	486,247,595.97	935,925,572.65

24. Trade payables**(1) List of payables**

Items	Closing balance	Previous year ending balance
Payable long-term assets	13,995,910.60	14,576,441.02
Payables for goods and engineering	5,382,914,150.88	5,381,193,658.70
Service fees payable	10,379,702.63	7,192,243.59
Other	925,470.31	351,561.41
Total	5,408,215,234.42	5,403,313,904.72

25. Advances from customers

Items	Closing balance	Previous year ending balance
Rent payment	11,111,997.64	1,961,054.67
Total	11,111,997.64	1,961,054.67

26. Contract liabilities**(1) Classification of Contract liabilities**

Items	Closing balance	Previous year ending balance
Advance receipt of cargo and service funds	468,019,104.47	502,800,478.92
Advance payment		116,719,786.01

Items	Closing balance	Previous year ending balance
Land development funds	74,320,332.08	9,061,278.90
Total	542,339,436.55	628,581,543.83

27. Employee benefits payable**(1) Presentation of employee remuneration payable**

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	52,039,155.32	466,796,258.76	458,834,554.71	60,000,859.37
II. Post-employment welfare - defined contribution plan		45,760,333.72	45,760,333.72	
Total	52,039,155.32	512,556,592.48	504,594,888.43	60,000,859.37

(2) Presentation of short-term remuneration

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1. Wages, bonuses, allowances and subsidies	19,490,485.94	377,298,082.56	369,404,345.04	27,384,223.46
2. Employee services and benefits	38,678.20	6,514,937.34	6,460,051.34	93,564.20
3. Social insurance premiums	30,495,776.68	46,752,485.83	46,807,492.12	30,440,770.39
4. Housing fund		26,544,249.62	26,544,249.62	
5. Trade union funds and staff education funds	2,014,214.50	9,686,503.41	9,618,416.59	2,082,301.32
Total	52,039,155.32	466,796,258.76	458,834,554.71	60,000,859.37

(3) List of defined contribution plans

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
1. Basic endowment insurance		40,619,528.10	40,619,528.10	
2. Unemployment insurance premium		1,677,100.67	1,677,100.67	
3. Payment of enterprise annuity		3,379,413.71	3,379,413.71	
4. Other		84,291.24	84,291.24	
Total		45,760,333.72	45,760,333.72	

28. Taxes payable

Items	Closing balance	Previous year ending balance
VAT	78,478,704.42	36,264,379.41
Corporate income tax	62,046,874.77	124,530,577.00
Individual income tax	4,425,801.26	4,662,444.78

Items	Closing balance	Previous year ending balance
Urban maintenance and construction tax	7,476,825.12	4,692,094.34
Land use tax	4,583,982.27	3,741,268.57
Stamp duty	3,111,940.47	2,456,908.27
Land-value increment tax	1,380,631.42	291,870.66
Education surcharge	3,227,476.12	2,159,667.47
Local education surcharge	1,389,824.32	724,081.60
Housing tax	4,206,447.41	2,109,742.54
Local water conservancy project construction fund	92,113.29	92,697.10
Environmental protection tax	46,284.82	
Vehicle and vessel usage tax	7,322.00	7,322.00
Total	170,474,227.69	181,733,053.74

29. Other payables

Items	Closing balance	Previous year ending balance
Dividend payable	5,209,094.84	6,948,094.84
Other payables	2,352,111,999.62	2,948,796,428.34
Total	2,357,321,094.46	2,955,744,523.18

(1) Dividend payable

Items	Closing balance	Previous year ending balance
Common stock dividends	5,209,094.84	6,948,094.84
Total	5,209,094.84	6,948,094.84

(2) Other payables**① Presentation of other payables**

Items	Closing balance	Previous year ending balance
Current account	2,320,010,788.30	2,911,908,236.20
Deposit and margin	7,013,858.13	16,606,240.33
Expense collected and paid on behalf	5,231,962.60	6,266,649.90
Other	19,855,390.59	14,015,301.91
Total	2,352,111,999.62	2,948,796,428.34

30. Non-current liabilities due within one year

Items	Closing balance	Previous year ending balance
Long term loans due within one year	1,813,286,952.44	965,239,130.28
Payable bonds due within one year	3,080,000,000.00	2,930,510,000.00
Long term payables due within one year	120,319,742.79	80,926,119.14

Items	Closing balance	Previous year ending balance
Unmatured interest payable due within one year	116,950,694.27	174,399,741.59
Total	5,130,557,389.50	4,151,074,991.01

31.Other current liabilities

Items	Closing balance	Previous year ending balance
Output tax to be transferred	45,610,068.97	79,690,597.24
Commercial acceptance bill	5,280,454.93	5,484,410.43
Total	50,890,523.90	85,175,007.67

32.Long-term borrowing

Items	Closing balance	Previous year ending balance
Pledged loan	2,481,905,993.03	2,387,192,579.41
Mortgages	322,089,073.81	295,662,556.39
Guaranteed borrowings	2,714,543,937.94	1,785,150,000.00
Credit borrowing	113,552,616.69	34,035,440.39
Mortgage+guaranteed loan	2,175,934,302.60	2,241,500,000.00
Pledge+guaranteed loan	2,718,258,107.30	2,443,101,027.23
Pledge+mortgage	292,766,391.73	300,000,000.00
Mortgage+pledge+guaranteed loan	887,755,567.81	590,846,579.91
Subtotal	11,706,805,990.91	10,077,488,183.33
Less : Long-term borrowings due within one year	1,813,286,952.44	965,239,130.28
Total	9,893,519,038.47	9,112,249,053.05

33.Bonds payable**(1) Bonds payable**

Items	Closing balance	Previous year ending balance
bonds payable	9,266,857,075.54	7,919,740,787.12
Less: Payable bonds due within one year	3,080,000,000.00	2,930,510,000.00
Items	6,186,857,075.54	4,989,230,787.12

(2) Increase or decrease in payable bonds

Bond name	Denomination	Start and end date		Issuance amount	Previous year ending balance
19 Binzhou 01	1,220,000,000.00	December 12, 2019	December 12, 2024	1,220,000,000.00	349,000,000.00
20 Binzhou 01	800,000,000.00	March 17, 2020	March 17, 2025	800,000,000.00	800,000,000.00
19 Binzhou urban construction PPN001	200,000,000.00	September 25, 2019	September 25, 2024	200,000,000.00	70,000,000.00
21 Binzhou Chengtou PPN002	1,000,000,000.00	March 29, 2021	March 29, 2024	1,000,000,000.00	1,000,000,000.00

Bond name	Denomination	Start and end date		Issuance amount	Previous year ending balance
21 Lubin city investment ZR001	700,000,000.00	January 22, 2021	January 22, 2024	700,000,000.00	420,000,000.00
21 Binzhou Chengtou PPN001	500,000,000.00	January 29, 2021	January 29, 2026	500,000,000.00	500,000,000.00
21 Binzhou Chengtou PPN003	300,000,000.00	September 1, 2023	August 31, 2025	300,000,000.00	280,000,000.00
21 Binzhou urban construction MTN001	300,000,000.00	December 2, 2021	December 2, 2026	300,000,000.00	300,000,000.00
22 Binzhou urban construction MTN001	700,000,000.00	July 13, 2022	July 13, 2025	700,000,000.00	700,000,000.00
23 Binzhou urban construction MTN001	300,000,000.00	October 25, 2023	October 25, 2026	300,000,000.00	300,000,000.00
23 Binzhou Chengtou 01	291,510,000.00	March 17, 2023	March 15, 2024	291,510,000.00	291,510,000.00
24 Binzhou urban construction MTN001	500,000,000.00	January 23, 2024	January 23, 2027	500,000,000.00	
24 Binzhou urban construction MTN002	580,000,000.00	March 12, 2024	March 12, 2027	580,000,000.00	
24 Binzhou urban construction MTN003	110,000,000.00	July 11, 2024	July 11, 2029	110,000,000.00	
24 Binzhou urban construction MTN004	326,000,000.00	November 22, 2024	November 22, 2027	326,000,000.00	
24 Binzhou 03	349,000,000.00	December 9, 2024	December 9, 2027	349,000,000.00	
22 Binzhou Caijin MTN001	300,000,000.00	November 7, 2022	November 7, 2025	300,000,000.00	300,000,000.00
22 Binzhou Caijin MTN002	200,000,000.00	December 15, 2022	December 15, 2024	200,000,000.00	200,000,000.00
23 Binzhou Caijin MTN001	800,000,000.00	June 28, 2023	June 28, 2025	800,000,000.00	800,000,000.00
23 Binzhou Caijin MTN002	370,000,000.00	November 24, 2023	November 24, 2026	370,000,000.00	370,000,000.00
23 Binzhou 03	200,000,000.00	February 17, 2023	February 17, 2025	200,000,000.00	200,000,000.00
23 Binzhou 04	671,000,000.00	March 10, 2023	March 10, 2024	671,000,000.00	671,000,000.00
24 Binzhou 01	271,000,000.00	March 6, 2024	March 6, 2027	271,000,000.00	
24 Binzhou 02	400,000,000.00	March 6, 2024	March 6, 2029	400,000,000.00	
24 Binzhou Caijin MTN001	330,000,000.00	March 22, 2024	March 22, 2027	330,000,000.00	
24 Binzhou Caijin MTN002A	500,000,000.00	December 11, 2024	December 11, 2027	500,000,000.00	
24 Binzhou Caijin MTN002B	200,000,000.00	December 11, 2024	December 11, 2029	200,000,000.00	
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase I	385,000,000.00	November 10, 2023	November 10, 2026	385,000,000.00	385,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase II	720,000,000.00	April 26, 2024	April 26, 2027	720,000,000.00	
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase III	330,000,000.00	August 27, 2024	August 27, 2027	330,000,000.00	
Bond discount or premium					-16,769,212.88
Subtotal	13,853,510,000.00			13,853,510,000.00	7,919,740,787.12
Less: Bonds payable maturing within one year					2,930,510,000.00

Bond name	Denomination	Start and end date		Issuance amount	Previous year ending balance
Total	13,853,510,000.00			13,853,510,000.00	4,989,230,787.12

(Continued)

Bond name	Denomination	Amortization of premium	Current period repayment	Closing balance
19 Binzhou 01			349,000,000.00	
20 Binzhou 01				800,000,000.00
19 Binzhou urban construction PPN001			70,000,000.00	
21 Binzhou Chengtou PPN002			1,000,000,000.00	
21 Lubin city investment ZR001			420,000,000.00	
21 Binzhou Chengtou PPN001	240,000,000.00		240,000,000.00	500,000,000.00
21 Binzhou Chengtou PPN003				280,000,000.00
21 Binzhou urban construction MTN001			280,000,000.00	20,000,000.00
22 Binzhou urban construction MTN001				700,000,000.00
23 Binzhou urban construction MTN001				300,000,000.00
23 Binzhou Chengtou 01			291,510,000.00	
24 Binzhou urban construction MTN001	500,000,000.00			500,000,000.00
24 Binzhou urban construction MTN002	580,000,000.00			580,000,000.00
24 Binzhou urban construction MTN003	110,000,000.00			110,000,000.00
24 Binzhou urban construction MTN004	326,000,000.00			326,000,000.00
24 Binzhou 03	349,000,000.00			349,000,000.00
22 Binzhou Caijin MTN001				300,000,000.00
22 Binzhou Caijin MTN002			200,000,000.00	
23 Binzhou Caijin MTN001				800,000,000.00
23 Binzhou Caijin MTN002				370,000,000.00
23 Binzhou 03				200,000,000.00
23 Binzhou 04			671,000,000.00	
24 Binzhou 01	271,000,000.00			271,000,000.00
24 Binzhou 02	400,000,000.00			400,000,000.00
24 Binzhou Caijin MTN001	330,000,000.00			330,000,000.00
24 Binzhou Caijin MTN002A	500,000,000.00			500,000,000.00
24 Binzhou Caijin MTN002B	200,000,000.00			200,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase I				385,000,000.00
Binzhou Caijin Investment Group Co., Ltd. point heart	720,000,000.00			720,000,000.00

Bond name	Denomination	Amortization of premium	Current period repayment	Closing balance
bond phase II				
Binzhou Caijin Investment Group Co., Ltd. point heart bond phase III	330,000,000.00			330,000,000.00
Bond discount or premium		12,626,288.42		-4,142,924.46
Subtotal	4,856,000,000.00	12,626,288.42	3,521,510,000.00	9,266,857,075.54
Less: Bonds payable maturing within one year				3,080,000,000.00
Total	4,856,000,000.00	12,626,288.42	3,521,510,000.00	6,186,857,075.54

34. Insurance contract reserves

Items	Closing balance	Previous year ending balance
Undue liability reserves	16,450,475.90	8,758,722.39
Insurance liability reserve	38,615,669.28	17,216,713.49
Total	55,066,145.18	25,975,435.88

35. Long-term payables

Items	Closing balance	Previous year ending balance
Long-term payables	1,760,071,963.22	1,988,366,374.18
Special accounts payable	3,294,200,722.20	2,382,687,245.99
Total	5,054,272,685.42	4,371,053,620.17

(1) Long-term payables

Items	Closing balance	Previous year ending balance
Loan for shantytown renovation project of Shandong Caijin Investment Co., Ltd	1,374,186,000.00	1,412,900,000.00
Large class project loan of Shandong Caijin Investment Co., Ltd	344,199,963.22	464,340,000.00
Debt investment in the name of equity investment	162,005,742.79	192,052,493.32
Subtotal	1,880,391,706.01	2,069,292,493.32
Less: Long-term payables due within one year	120,319,742.79	80,926,119.14
Total	1,760,071,963.22	1,988,366,374.18

(2) Special accounts payable

Items	Closing balance	Previous year ending balance
Compensation funds for the Renovation of Shantytowns in old residential areas in urban areas	647,540,221.16	736,826,945.99
Special Government Debt for Cultural Tourism Infrastructure Project of Yellow River Botanical Garden	200,000,000.00	100,000,000.00
Special Government Debt for Jibin High-speed Railway (Binzhou section) Project	411,000,000.00	200,000,000.00
Finance Bureau Equity Investment Allocation	200,290,000.00	236,290,000.00
Angel Fund	30,000,000.00	30,000,000.00

Items	Closing balance	Previous year ending balance
Binzhou Finance Bureau Talent Entrepreneurship Support fund	1,600,000.00	1,600,000.00
Special debt funds for Binzhou Section of Zhanlin Expressway	615,000,000.00	615,000,000.00
Construction funds for Binzhou Urban Renewal Project	500,000,000.00	
Binzhou Smart City Integrated Service Informatization Transformation Project	129,000,000.00	
Infrastructure Construction Project of High-speed Railway Logistics Park	84,000,000.00	
Provincial Urbanization Construction funds	7,470,300.00	7,470,300.00
Pilot funds for the Construction of Local Financial Science and Technology Platforms	1,000,000.00	1,000,000.00
New and Old Kinetic energy Conversion funds	2,000,000.00	
Central Affordable Housing Project (shantytown renovation) fund	2,160,480.00	
National Health Culture Center	300,000,000.00	300,000,000.00
Yangliuxue Binsheng Group Centralized Isolation Medical Observation Site	54,500,000.00	54,500,000.00
Binzhou Yellow River Tourism Project	100,000,000.00	100,000,000.00
Other	8,639,721.04	
Total	3,294,200,722.20	2,382,687,245.99

36.Provisions

Items	Closing balance	Previous year ending balance
Provide external guarantees	774,228.95	323,241.03
Total	774,228.95	323,241.03

37.Deferred income

Items	Closing balance	Previous year ending balance
Government subsidies	20,906,333.54	19,744,814.98
Total	20,906,333.54	19,744,814.98

38.Other non-current liabilities

Items	Closing balance	Previous year ending balance
Other non-current liabilities	10,456,930.62	12,058,603.40
Total	10,456,930.62	12,058,603.40

39.Paid-in capital

Name of investors	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Binzhou Caijin Investment Group Co., Ltd	1,000,000.00	209,000,000.00	210,000,000.00	

Name of investors	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
State owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government		1,500,000,000.00	225,000,000.00	1,275,000,000.00
Binzhou SDIC Investment Management Group Co., Ltd		225,000,000.00		225,000,000.00
Total	1,000,000.00	1,934,000,000.00	435,000,000.00	1,500,000,000.00

40.Capital reserve

Items	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Other capital reserves	17,153,462,823.51	3,360,050,913.99	1,302,571,954.40	19,210,941,783.10
Total	17,153,462,823.51	3,360,050,913.99	1,302,571,954.40	19,210,941,783.10

41.Undistributed profits

Items	The year 2024	The year 2023
Undistributed profit at the end of the prior year before adjustment	1,031,249,298.50	979,252,761.84
Total adjusted undistributed profits at the beginning of year (increase+, decrease-)		
Year-beginning undistributed profit after adjustment	1,031,249,298.50	979,252,761.84
Add: net profit attributable to shareholders of parent company in current period	174,679,153.27	103,993,272.47
Less: withdrawal of statutory surplus reserve		
Common Stock dividends payable	65,376,589.51	51,996,735.81
Other	10,000,000.00	
Undistributed profits at the end of period	1,130,551,862.26	1,031,249,298.50

42.Operating revenue and operating costs**(1) Operating revenue and operating costs**

Items	The year 2024		The year 2023	
	Revenue	Cost	Revenue	Cost
Main business	7,680,391,051.11	6,533,984,116.38	8,042,265,412.98	7,174,459,616.30
Other business	471,535,776.90	40,105,252.66	276,056,159.61	33,810,232.57
Total	8,151,926,828.01	6,574,089,369.04	8,318,321,572.59	7,208,269,848.87

43.Draw net reserves for insurance contracts

Items	The year 2024	The year 2023
Guarantee liability reserve	29,090,709.30	21,338,308.70

Items	The year 2024	The year 2023
Total	29,090,709.30	21,338,308.70

44. Taxes and surcharges

Items	The year 2024	The year 2023
Urban maintenance and construction tax	14,752,983.48	13,918,450.78
Education surtax	6,285,035.35	5,467,797.98
Local education surtax	3,894,265.28	4,007,550.66
Stamp duty	4,840,677.94	5,920,552.27
Property taxes	10,850,747.26	11,298,622.04
Land use tax	40,261,642.29	29,939,021.73
Land value-added tax	2,317,435.62	253,234.80
Vehicle and vessel tax	27,405.56	28,759.62
Vehicle use tax		360.00
Other	801,904.23	26,761,166.80
Total	84,032,097.01	97,595,516.68

45. Selling expenses

Items	The year 2024	The year 2023
Employee compensation	43,471,050.94	22,302,614.11
Depreciation and amortization	7,942,401.84	2,721,285.57
Sales commission	3,337,558.03	3,287,372.09
Business hospitality	7,844,050.67	6,322,254.25
Testing fees	2,292,015.03	2,435,247.27
Express fee	2,125,248.67	2,268,166.08
Advertising expenses	6,212,397.43	4,964,019.15
Insurance premium	1,839,633.96	1,351,548.50
Freight and incidentals	1,124,610.69	1,466,965.95
Utilities	4,954,348.44	
Office and travel expenses	664,914.60	6,401.63
Other	4,313,700.71	4,835,864.96
Total	86,121,931.01	51,961,739.56

46. Administrative expenses

Items	The year 2024	The year 2023
Depreciation and amortization	61,682,453.58	69,896,429.43
Employee compensation	187,920,963.88	181,455,658.52
Rental fee	1,076,464.88	456,686.87

Items	The year 2024	The year 2023
Amortization of materials and low value consumables	4,034,289.99	1,620,097.21
Intermediary fees	34,171,120.79	55,637,878.92
Technological development expense	6,843,801.56	13,612,174.05
Office expenses	15,213,284.44	14,181,535.22
Property insurance premiums	1,519,731.12	1,519,366.95
Property service fee	4,200,888.51	1,231,215.60
Maintenance cost	964,764.21	3,558,705.16
Travel	1,782,439.86	1,952,956.40
Business hospitality	418,824.04	565,321.15
Other	8,806,688.76	8,869,594.09
Total	328,635,715.62	354,557,619.57

47.R&D expenses

Items	The year 2024	The year 2023
Grey cloth	80,663,540.68	61,953,069.15
Dyes and chemicals	21,359,182.72	21,130,330.65
Wages	17,510,898.44	22,839,753.64
Energy	12,173,006.70	11,262,516.39
Depreciation	5,872,377.86	4,546,988.23
Other	4,107,823.24	2,154,906.66
Total	141,686,829.64	123,887,564.72

48.Finance expenses

Items	The year 2024	The year 2023
Interest expenses	707,525,334.97	608,804,970.15
Less: interest income	53,334,577.56	62,690,686.34
Exchange net loss	-23,614,988.97	-15,974,382.68
Bank fees	49,007,330.62	26,108,343.05
Total	679,583,099.06	556,248,244.18

49.Other incomes

Items	The year 2024	The year 2023
Government subsidy associated with daily activities	47,499,045.51	213,617,321.21
Total	47,499,045.51	213,617,321.21

50.Investment income

Items	The year 2024	The year 2023
Long-term equity investment income accounted for by equity method	142,978,591.99	135,577,252.00
Dividend income obtained during the holding period of other equity instruments	5,442,328.49	11,551,131.83
Income from other investment and wealth management products	998,452.61	270,115.50
Dividend income during investment holding period	22,765,158.06	114,392,799.75
Total	172,184,531.15	261,791,299.08

51.Credit impairment losses

Items	The year 2024	The year 2023
Bad debt losses	-52,360,235.51	-83,585,520.46
Total	-52,360,235.51	-83,585,520.46

52.Asset impairment losses

Items	The year 2024	The year 2023
Inventory depreciation loss	-104,724,648.59	-78,298,323.54
Total	-104,724,648.59	-78,298,323.54

53.Gains on disposal of assets

Items	The year 2024	The year 2023
Gains or losses on disposal of assets	-11,821,242.79	265,982.63
Total	-11,821,242.79	265,982.63

54.Non-operating income

Items	The year 2024	The year 2023
Liquidated damages		4,423,806.03
Other	1,496,524.10	3,278,622.13
Total	1,496,524.10	7,702,428.16

55.Non-operating expenses

Items	The year 2024	The year 2023
External donations	530,703.42	2,940,335.70
Penalty expenses	51,150.00	152,681.41
Late fee	341,668.73	1,707,384.46
Spending on building a civilized city	671,361.89	
Other	252,379.80	96,517.28

Items	The year 2024	The year 2023
External donations	530,703.42	2,940,335.70
Penalty expenses	51,150.00	152,681.41
Late fee	341,668.73	1,707,384.46
Spending on building a civilized city	671,361.89	
Total	1,847,263.84	4,896,918.85

56. Income tax expenses

(1) Income tax expense statement

Items	The year 2024	The year 2023
Current income tax expense	72,318,738.28	32,342,969.10
Deferred income tax expenses	-9,499,387.69	2,060,556.96
Total	62,819,350.59	34,403,526.06

57. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Supplementary information	Current amount	Previous amount
1. Net profits adjusted to cash flow from operating activities:		
Net profits	216,294,436.77	186,655,472.48
Add: provision for impairment of assets	104,724,648.59	78,298,323.54
Credit impairment losses	52,360,235.51	83,585,520.46
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	164,830,096.41	462,248,461.73
Amortization of intangible assets	21,832,565.16	20,498,250.97
Amortization of long-term prepaid expenses	1,222,216.12	778,023.98
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	11,821,242.79	-265,982.63
Losses of fixed asset scrapping (revenues marked with "-")	94,677.96	57,466.36
Fair value change losses (revenues marked with "-")		
Financial costs (revenues marked with "-")	707,310,610.55	611,813,402.57
Investment losses (revenues marked with "-")	-172,184,531.15	-261,791,299.08
Decrease of deferred income tax assets (increase marked with "-")	-6,292,301.48	-5,925,227.92
Increase of deferred income tax liabilities (decrease marked with "-")	-559.95	-559.95
Decrease of inventory (increase marked with "-")	-1,127,882,163.38	-1,060,509,506.10
Decrease of operational receivables (increase marked with "-")	-729,808,925.75	-1,768,934,967.77
Increase of operational payables (decrease marked with "-")	1,570,598,298.52	2,520,457,473.61
Other		
Net cash flow from operating activities	814,920,546.67	866,964,852.25
2. Major investing and financing activities uninvolved cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		

Supplementary information	Current amount	Previous amount
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	4,983,618,222.11	5,274,281,257.74
Less: cash balance at the end of last year	5,274,281,257.74	5,056,296,703.95
Add: Ending balance of cash equivalents		
Less: cash equivalent balance at the end of last year		
Net increase of cash and cash equivalents	-290,663,035.63	217,984,553.79

VI. Equity in other entities

1. Composition of corporate group

Tier 1 subsidiaries included in the scope of the Group's consolidated financial statements are as follows:

Name of subsidiaries	Main business place	Registered place	Business Nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Binzhou Caijin Investment Group Co., Ltd	Binzhou	Binzhou	Other finance	60.00	30.00	Allocate
Shandong Binsheng Wenlu Sports Industry Group Co., Ltd	Binzhou	Binzhou	Sports	70.00	30.00	Allocate
Binzhou Siyuan Construction Investment Development Co., Ltd	Binzhou	Binzhou	Capital market services	51.00		Allocate

2. Business combination under common control

(1) Business combination under the same control in the current period

Name of merged party	Proportion of equity obtained in business combination (%)	Year	Basis for determining the merger date
Binzhou Caijin Investment Group Co., Ltd	90.00	The year 2024	According to the approval document of the state owned assets supervision and Administration Commission of Binzhou Municipal People's Government on the asset integration of Binzhou Talent Development Group Co., Ltd. of Binzhou Caijin and Investment Group Co., Ltd., the consolidated subsidiaries during the reporting period are enterprise mergers under the same control.
Shandong Binsheng Wenlu Sports Industry Group Co., Ltd	100.00	The year 2024	
Binzhou Siyuan Construction Investment Development Co., Ltd	51.00	The year 2024	

VII. Associated parties and associated transactions

1.The situation of our parent company

Parent company name	Place of registration	Shareholding ratio of the company (%)	Voting rights ratio to the company (%)
State owned Assets Supervision and Administration Commission of Binzhou Municipal People's Government	Binzhou	85.00	85.00

2.The situation of our subsidiary companies

See Note VI, 1, Interests in other entities for details.

3.Related party guarantee

Guarantor units	Name of secured units	Guarantee balance (Ten thousand yuan)	Term	
Binzhou Caijin Investment Development Group Co., Ltd.	Binzhou City construction Investment Group Co., Ltd	34,900.00	December 9, 2024	December 9, 2027
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	28,000.00	September 13, 2023	September 12, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	27,550.00	March 28, 2024	March 28, 2027
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	3,900.00	March 29, 2024	March 28, 2026
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	12,000.00	December 13, 2022	December 11, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	39,800.00	January 3, 2024	May 2, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	10,000.00	February 23, 2024	February 22, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	50,300.00	September 18, 2022	September 18, 2042
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	98,600.00	September 18, 2022	September 18, 2042
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	6,000.00	September 18, 2022	September 18, 2042
Binzhou Caijin Investment Group Co., Ltd	Binzhou City construction Investment Group Co., Ltd	19,000.00	March 20, 2023	March 20, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou Caijin Investment Co., Ltd.	13,060.00	November 24, 2016	November 23, 2034
Binzhou Caijin Investment Group Co., Ltd	Shandong Binzhou Grain and Material Reserves Group Co., Ltd.	1,000.00	April 25, 2024	April 24, 2025
Binzhou Caijin Investment Group Co., Ltd	Shandong Binzhou Grain and Material Reserves Group Co., Ltd.	772.00	January 11, 2024	January 10, 2025
Binzhou Caijin Investment Group Co., Ltd	Shandong Binzhou Grain and Material Reserves Group Co., Ltd.	1,499.50	September 20, 2024	August 29, 2027
Binzhou Caijin Investment Group Co., Ltd	Shandong Binzhou Grain and Material Reserves Group Co., Ltd.	328.00	December 20, 2024	December 18, 2025
Binzhou Caijin Investment Group Co., Ltd	Binzhou Caijin International Co., Ltd.	38,500.00	November 10, 2023	November 10, 2026
Binzhou Caijin Investment Group Co., Ltd	Binzhou Caijin International Co., Ltd.	72,000.00	April 26, 2024	April 26, 2027
Binzhou Caijin Investment Group Co., Ltd	Binzhou Caijin International Co., Ltd.	33,000.00	August 27, 2024	August 27, 2027
Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	2,000.00	January 31, 2024	January 30, 2025
Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	950.00	July 26, 2024	July 25, 2025
Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	4,000.00	August 30, 2024	August 27, 2025

Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	5,900.00	January 12, 2024	January 12, 2025
Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	1,000.00	September 3, 2024	March 3, 2025
Binzhou Caijin Investment Group Co., Ltd	Huafang Co., Ltd.	2,200.00	July 12, 2024	January 12, 2025
Binzhou Caijin Investment Group Co., Ltd	Shandong Binsheng Education Development Co., Ltd.	8,336.39	May 11, 2024	May 11, 2027
Binzhou Caijin Investment Group Co., Ltd	Shandong Binsheng Education Development Co., Ltd.	9,500.00	October 31, 2024	November 30, 2027
Binzhou Caijin Investment Group Co., Ltd	Shandong Tairan Construction Development Co., Ltd.	29,826.57	June 14, 2024	June 13, 2027
Binzhou Caijin Investment Group Co., Ltd	Shandong Tairan Construction Development Co., Ltd.	18,005.00	December 18, 2024	November 18, 2027
Binzhou City construction Investment Group Co., Ltd	Binzhou Yellow River Bridge Construction Management Co., Ltd.	216,350.83	December 27, 2019	November 28, 2044
Binzhou City construction Investment Group Co., Ltd	Boxing County Caijin Tiangong Engineering Management Co., Ltd.	15,850.00	September 19, 2019	August 24, 2034
Binzhou City construction Investment Group Co., Ltd	Boxing County Caijin Tiangong Engineering Management Co., Ltd.	15,850.00	September 28, 2020	August 24, 2034
Binzhou City construction Investment Group Co., Ltd	Boxing County Caijin Tiangong Engineering Management Co., Ltd.	7,925.00	February 7, 2022	August 24, 2034
Binzhou City construction Investment Group Co., Ltd	Boxing County Caijin Tiangong Engineering Management Co., Ltd.	15,850.00	June 28, 2022	August 24, 2034
Binzhou City construction Investment Group Co., Ltd	Binzhou High-Speed Railway Zone Development and Operation Co., Ltd.	2,000.00	December 8, 2021	November 16, 2036
Binzhou City construction Investment Group Co., Ltd	Binzhou High-Speed Railway Zone Development and Operation Co., Ltd.	16,000.00	February 18, 2022	November 16, 2036
Binzhou City construction Investment Group Co., Ltd	Binzhou High-Speed Railway Zone Development and Operation Co., Ltd.	65,340.00	June 29, 2022	June 29, 2037
Binzhou City construction Investment Group Co., Ltd	Binzhou High-Speed Railway Zone Development and Operation Co., Ltd.	7,470.00	September 29, 2024	June 29, 2037
Binzhou City construction Investment Group Co., Ltd	Shandong Yellow River Delta Industrial Co., Ltd.	2,900.00	June 27, 2024	June 24, 2025
Binzhou City construction Investment Group Co., Ltd	Shandong Yellow River Delta Industrial Co., Ltd.	3,300.00	November 15, 2024	November 14, 2025
Binzhou City construction Investment Group Co., Ltd	Shandong Yellow River Delta Industrial Co., Ltd.	1,050.00	June 21, 2023	June 18, 2025
Binzhou City construction Investment Group Co., Ltd	Shandong Yellow River Delta Industrial Co., Ltd.	2,400.00	November 19, 2024	November 10, 2025
Binzhou City construction Investment Group Co., Ltd	Shandong Yellow River Delta Industrial Co., Ltd.	1,000.00	December 27, 2024	December 10, 2025
Binzhou City construction Investment Group Co., Ltd	Shandong Bingang International Supply Chain Management Co., Ltd.	11,160.00	December 20, 2023	December 14, 2026
Binzhou City construction Investment Group Co., Ltd	Binzhou Caijin Investment Group Co., Ltd	10,000.00	August 29, 2024	August 29, 2025
Binzhou City construction Investment Group Co., Ltd	Binzhou Caijin Investment Group Co., Ltd	20,000.00	October 25, 2024	October 24, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Tairan Construction Development Co., Ltd.	26,693.93	June 14, 2024	June 14, 2027
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Tairan Construction Development Co., Ltd.	18,005.00	December 18, 2024	November 18, 2027

Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,990.00	January 19, 2024	January 17, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,000.00	April 10, 2024	April 9, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Chenglü Hotel Management Co., Ltd.	1,495.00	May 23, 2024	May 19, 2027
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Chengliu Construction Engineering Co., Ltd.	1,000.00	February 29, 2024	February 27, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,000.00	March 15, 2024	March 15, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,000.00	June 25, 2024	June 24, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,000.00	February 6, 2024	February 6, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Pengcheng Industrial Investment Co., Ltd.	1,000.00	October 28, 2024	October 16, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Scenic Area Management Service Co., Ltd.	950.00	May 23, 2024	May 22, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	600.00	March 15, 2024	March 14, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong City Tourism Hotel Management Co., Ltd.	500.00	July 17, 2024	July 9, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	500.00	March 26, 2024	March 26, 2025
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	500.00	March 29, 2024	March 28, 2025
Shandong Binsheng Supply Chain Management Co., Ltd.	Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	5,800.00	September 14, 2024	September 14, 2025
Shandong Binsheng Supply Chain Management Co., Ltd.	Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	3,000.00	July 25, 2024	July 25, 2025
Shandong Binsheng Supply Chain Management Co., Ltd.	Shandong Binsheng Scenic Area Management Service Co., Ltd.	1,000.00	July 9, 2024	July 9, 2025
Shandong Binsheng Supply Chain Management Co., Ltd.	Shandong Pengcheng Industrial Investment Co., Ltd.	1,000.00	July 9, 2024	July 9, 2025
Shandong Binsheng Scenic Area Management Service Co., Ltd.	Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	5,789.31	November 19, 2021	November 19, 2029
Shandong Chengliu Construction Engineering Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	970.00	October 14, 2024	October 14, 2025
Shandong Chengliu Construction Engineering Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	1,110.00	November 29, 2024	November 29, 2025
Shandong Chengliu Construction Engineering Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	6,500.00	December 2, 2024	January 2, 2025
Shandong Chengliu Construction Engineering Co., Ltd.	Shandong Pengcheng Cultural Communication Co., Ltd.	970.00	October 14, 2024	October 14, 2025

Shandong Pengcheng Industrial Investment Co., Ltd.	Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.	4,200.00	September 14, 2024	September 14, 2025
Shandong Pengcheng Industrial Investment Co., Ltd.	Shandong Binsheng Supply Chain Management Co., Ltd.	3,890.00	November 29, 2024	November 29, 2025
Shandong Pengcheng Industrial Investment Co., Ltd.	Shandong Chenglü Hotel Management Co., Ltd.	970.00	November 29, 2024	November 29, 2025

VIII. Commitments and contingencies

1. As of 31 December 2024, the company had provided security for non-related parties as follows:

Guarantor units	Name of secured units	Guarantee balance (Ten thousand yuan)	Term
Binzhou Caijin Investment Group Co., Ltd	Binzhou Port Group Co., Ltd.	15,277.69	December 15, 2017 – February 15, 2027
Binzhou Caijin Investment Group Co., Ltd	Binzhou Port Group Co., Ltd.	63.40	May 24, 2018 – September 14, 2026
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	20,000.00	July 28, 2021 – July 28, 2027
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	2,200.00	November 18, 2022 – July 28, 2027
Binzhou Caijin Investment Group Co., Ltd	Lubei Technician College	1,500.00	March 22, 2023 – March 22, 2025
Binzhou Caijin Investment Group Co., Ltd	Zouping County Urbanization Construction Development Co., Ltd.	39,250.00	December 31, 2015 – December 30, 2033
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	8,541.16	October 16, 2020 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	4,411.76	November 2, 2020 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	6,176.48	December 14, 2020 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	3,176.48	September 30, 2021 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	4,852.94	December 31, 2021 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd.	3,352.94	June 30, 2022 – August 31, 2030
Binzhou Caijin Investment Group Co., Ltd	Shandong Bingang Management & Operation Co., Ltd.	5,306.67	June 30, 2023 – June 30, 2026
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	8,600.00	January 26, 2024 – January 24, 2034
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	5,400.00	March 27, 2024 – January 24, 2034
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	6,300.00	September 25, 2024 – January 24, 2034
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai Caijin Investment Co., Ltd.	3,550.00	November 12, 2024 – January 24, 2034
Binzhou Caijin Investment Group Co., Ltd	Binzhou Beihai State-owned Assets Operation & Management Co., Ltd.	5,900.00	December 19, 2024 – December 18, 2025
Binzhou City construction Investment Group Co., Ltd	Binzhou Transportation Industry Co., Ltd.	18,000.19	September 29, 2015 – September 28, 2033
Binzhou City construction Investment Group Co., Ltd	Binzhou Beihai Technology Incubator Co., Ltd.	24,000.00	September 2, 2016 – September 6, 2026

Guarantor units	Name of secured units	Guarantee balance (Ten thousand yuan)	Term
Binzhou City construction Investment Group Co., Ltd	Binzhou Railway Investment Management Co., Ltd.	61,742.83	February 8, 2024 – December 21, 2038
Binzhou City construction Investment Group Co., Ltd	Binzhou Railway Investment Management Co., Ltd.	24,941.00	February 8, 2024 – December 21, 2038
Binzhou City construction Investment Group Co., Ltd	Shandong Bingang Management & Operation Co., Ltd.	5,013.14	September 2, 2022 – September 2, 2027
Binzhou City construction Investment Group Co., Ltd	Shandong Bingang Management & Operation Co., Ltd.	3,297.00	August 1, 2023 – August 1, 2028
Binzhou City construction Investment Group Co., Ltd	Shandong Bingang Management & Operation Co., Ltd.	5,354.68	October 26, 2023 – October 26, 2028
Binzhou City construction Investment Group Co., Ltd	Shandong Bingang Management & Operation Co., Ltd.	1,826.05	December 11, 2023 – December 1, 2028
Huafang Co.,Ltd	Yuyue Home Textile Co., Ltd.	22,900.00	1 year
Huafang Co.,Ltd	Shandong Binzhou Transportation Group Co., Ltd	4,090.00	1 year
Huafang Co.,Ltd	Shandong Binzhou Printing and Dyeing Group Co., Ltd	4,164.70	1 year
Shandong Binsheng Culture, Tourism and Sports Industry Group Co., Ltd	Shandong Xingmai Economic and Trade Co., Ltd	1,000.00	May 29, 2024 – May 28, 2025
Shandong Binsheng Culture, Tourism and Sports Industry Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd	15,384.30	January 2, 2024 – January 1, 2027
Shandong Binsheng Culture, Tourism and Sports Industry Group Co., Ltd	Shandong Binda Industrial Group Co., Ltd	50,000.00	December 9, 2022 – December 9, 2025
Shandong Tairan Construction Development Co., Ltd	Zhang Haiqiang	376.29	October 30, 2024 – October 27, 2052
Shandong Tairan Construction Development Co., Ltd	Li Liangliang	279.53	October 29, 2024 – October 28, 2054
Shandong Tairan Construction Development Co., Ltd	Chen Xiaoqing	256.24	November 15, 2024 – November 14, 2052
Binzhou Siyuan Construction Investment Development Co., Ltd	Binzhou Zhanhua District Urban Investment and Operation Group Co., Ltd	7,040.00	March 28, 2024 – February 7, 2039
Binzhou Siyuan Construction Investment Development Co., Ltd	Zhanhua District Tap Water Management Center	1,000.00	January 29, 2024 – January 21, 2025
Binzhou Siyuan Construction Investment Development Co., Ltd	Longrui Modern Agriculture Development Co., Ltd., Zhanhua District, Binzhou City	14,000.00	December 27, 2024 – July 14, 2034

2. As of December 31, 2024, the guaranteed amount provided by our subsidiary Binzhou Financing Guarantee Group Co., Ltd. for guarantee business was CNY 5,869.0082 million. In the counter guarantee measures of the guarantee project, the coverage rate of mortgaged and pledged assets exceeded 100%.

IX.Events after the balance sheet date

As of the date of approving this financial report, the company had no other undisclosed significant events after the balance sheet date for disclosure.

X. Notes on major items of parent company's financial statement

1. Other receivables

Items	Closing balance	Previous year ending balance
Other receivables	300,610,000.00	
Total	300,610,000.00	

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Previous year ending balance
Within 1 year	300,610,000.00	
Subtotal	300,610,000.00	
Less: Bad debt provision		
Total	300,610,000.00	

2. Long-term equity investments

Items	Closing balance			Previous year ending balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	11,683,081,735.35		11,683,081,735.35			
Investment in associated and joint ventures						
Total	11,683,081,735.35		11,683,081,735.35			

(1) Investment in subsidiaries

Investment	Previous year ending balance	Increase in current period	Decrease in current period	Closing balance
Binzhou Caijin Investment Group Co., Ltd		10,119,292,051.15		10,119,292,051.15
Shandong Binsheng Cultural Tourism Sports Industry Group Co., Ltd.		1,392,878,190.93		1,392,878,190.93
Binzhou Siyuan Construction Investment Development Co., Ltd		170,911,493.27		170,911,493.27
Total		11,683,081,735.35		11,683,081,735.35

3. Operating revenue and operating costs

2024 Financial Statement Notes of Binzhou Caijin Investment Development Group Co., Ltd

Items	Current amount		Previous amount	
	Revenue	Cost	Revenue	Cost
Main business	3,361,788.46	1,223,605.07	233,403.76	37,840.38
Other business				
Total	3,361,788.46	1,223,605.07	233,403.76	37,840.38

Binzhou Caijin Investment Development Group Co., Ltd



April 29, 2025

Legal representative:



Accounting director:



Accounting firm director:



ISSUER

Binzhou Caijin Investment Development Group Co., Ltd.
(濱州市財金投資發展集團有限公司)

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