PUBLICATION OF OFFERING CIRCULAR ON THE STOCK EXCHANGE OF HONG KONG LIMITED

ZHENGZHOU URBAN DEVELOPMENT GROUP CO., LTD.
(鄭州城市發展集團有限公司)

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

U.S.$210,000,000 4.60 per cent. Sustainable Bonds due 2028 (the "Bonds")
(Stock Code: 5853)

Issue Price: 100.0 per cent.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation

China CITIC Bank International

Hua Xia Bank Co., Limited Hong Kong Branch

China Galaxy International

Guotai Junan International

Joint Lead Managers and Joint Bookrunners

ABC International

Central China International

China Industrial Securities International

China Securities International

CITIC Securities

CMB International

CMBC Capital

CNCB Capital

Haitong International

Huatai International

ICBC International

Industrial Bank Co., Ltd. Hong Kong Branch

Luso Bank Ltd.

Shanghai Pudong Development Bank Hong Kong Branch

SMBC Nikko

TF International

Joint Sustainable Structure Advisors

China International Capital Corporation

Hua Xia Bank Co., Limited
Hong Kong Branch

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 14 August 2025 published by Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司) (the "**Issuer**").

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the offering circular dated 7 August 2025 in relation to the issue of the Bonds (the "**Listing Document**"), appended herein. The Listing Document is published in English only. No Chinese version of the Listing Document has been published.

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

Hong Kong, 15 August 2025.

As at the date of this announcement, the directors of Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司) are Mr. Wan Yongsheng, Mr. Luo Liming, Mr. Zhang Jun and Mr. Feng Hongtao.

Appendix 1 – Offering Circular dated 7 August 2025

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING 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 U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

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

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

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

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

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

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this document, 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.

ZHENGZHOU URBAN DEVELOPMENT GROUP CO., LTD.
(鄭州城市發展集團有限公司)

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

U.S.$210,000,000 4.60 per cent. Sustainable Bonds due 2028

Issue Price: 100.0 per cent.

The U.S.$210,000,000 4.60 per cent. sustainable bonds due 2028 (the "**Bonds**") will be issued by Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司) (the "**Issuer**" or "**Company**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 14 August 2025 (the "**Issue Date**") at the rate of 4.60 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear in equal instalments on 14 February and 14 August in each year, commencing on 14 February 2026. Payments on the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax to the extent described under "*Terms and Conditions of the Bonds — Taxation*".

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

The Issuer undertakes that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as of 13 May 2013 and as amended, and its operating guidelines, reports, certificates or guidelines as issued by SAFE from time to time, and the Circular of the People's Bank of China on Matters Concerning Macro-prudential Management on Overall 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 the People's Bank of China ("**PBOC**"), effective as of 12 January 2017, the SAFE Operating Guidelines for Foreign Exchange Business under the Capital Account (2024 Version) (資本項目外匯業務指引(2024 年版)) (the "**Foreign Debt Registration**"), and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline (being the day falling 120 calendar days after the Issue Date). For consequences of non-registration, see "*Risk Factors — Risks Relating to the Bonds — Any failure to complete the relevant registration under the SAFE Measures and PBOC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*."

Pursuant to the Administrative Measures for the Examination 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 National Development and Reform Commission of the PRC (or any of its local counterparts, the "**NDRC**") which came into effect on 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Administrative Measures**"), the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 10 February 2025 evidencing such registration (the "**NDRC Certificate**"). The Issuer undertakes to within ten Registration Business Days (as defined in the Terms and Conditions) after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Administrative Measures (the "**NDRC Post-issue Filing**"), (ii) file or cause to be filed with the NDRC other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Administrative Measures, and (iii) comply with all applicable PRC laws, rules and regulations in relation to the Bonds.

The PRC government (including the Zhengzhou Municipal 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. The Bonds are to be repaid solely by the Issuer and the obligations of the Issuer under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. The Bondholders (as defined below) shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors — Risks Relating to the Bonds — Neither the Zhengzhou Municipal Government nor any other PRC governmental entity is obligated to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder.*"

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 14 August 2028 (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 (as defined below) in accordance with Condition 16 (*Notice*) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee (as defined in the Terms and Conditions) and the Principal Paying Agent (as defined in the Terms and Conditions), at their principal amount (together with any interest accrued up 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 the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 August 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, as further described in Condition 6(b) (*Redemption for Taxation Reasons*). Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), 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 such Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 52.

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

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 15 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, subject to certain exceptions, may not be offered or sold within the United States. 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*" beginning on page 138.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only and such permission is expected to become effective on 15 August 2025. 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 Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

The Bonds are being issued as "Sustainable Bonds" under the sustainable finance framework of the Issuer (the "**Sustainable Finance Framework**"). See "*Sustainable Finance Framework Overview*" beginning on page 78.

Fitch Ratings, Inc. ("**Fitch**") has assigned a corporate rating of "BBB+" with a stable outlook to the Issuer. The Bonds are expected to be rated "BBB+" by Fitch. Such ratings are only correct as at the date of this Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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Joint Sustainable Structure Advisors

China International Capital Corporation
Hua Xia Bank Co., Limited Hong Kong Branch

Offering Circular dated 7 August 2025

NOTICE TO INVESTORS

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

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

The PRC government (including the Zhengzhou Municipal Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors — Risks Relating to the Bonds — Neither the Zhengzhou Municipal Government nor any other PRC governmental entity is obligated to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder.*"

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the "**Group**") and 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, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Bonds); (ii) the statements contained in this Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and to the Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) all reasonable enquiries have been made by the Issuer 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 included in this Offering Circular are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Hua Xia Bank Co., Limited Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, Guotai Junan Securities (Hong Kong) Limited, ABCI Capital Limited, Central China International Securities Co., Limited, China Industrial Securities International Brokerage Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMB International Capital Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong

Branch, Luso International Banking Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited and TFI Securities and Futures Limited (together, the "**Managers**") or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or their respective affiliates, directors, employees, agents, representatives, officers 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 the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers, or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers 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 merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or assumes any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents, representatives, officers and advisers or any person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer or the Group 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 Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them.

IN CONNECTION WITH THIS OFFERING, ANY MANAGER APPOINTED (OTHER THAN CHINA CITIC BANK INTERNATIONAL LIMITED) AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (IN SUCH CAPACITY, THE "STABILISING MANAGER") OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING 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 AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

*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).*

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

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.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, 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 Offering Circular, that investor should obtain independent professional advice.

Industry and Market Data

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information complied within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Presentation of Financial Information

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 (the "**2023 Audited Consolidated Financial Statements**") and as at and for the year ended 31 December 2024 (the "**2024 Audited Consolidated Financial Statements**" and together with the 2023 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**") which are included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "**PRC GAAP**") and have been audited by Henan Righteous Innovation Certified Public Accountants (Special General Partnership) (河南守正創新會計師事務所(特殊普通合夥)), previously known as Henan Righteous Innovation Certified Public Accountants (General Partnership) (河南守正創新會計師事務所(普通合夥)) ("**Henan Righteous Innovation**"), the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants. PRC GAAP is substantially in line with International Financial Reporting Standards ("**IFRS**"), except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Certain Differences Between PRC GAAP and IFRS*".

In preparing the 2024 Audited Consolidated Financial Statements, the Issuer adopted a number of new accounting standards issued by the Ministry of Finance (the "**MOF**"), namely and Interpretation No. 17

and No. 18 of the Accounting Standards for Business Enterprises and the Compilation of application Guidelines for Accounting Standards for Business Enterprises (《企業會計準則應用指南彙編2024》). In addition, certain financial information as at and for the year ended December 2023 has been adjusted in the 2024 Audited Consolidated Financial Statements due to correction of prior accounting errors. The Issuer did not retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2022 in the 2023 Audited Consolidated Financial Statements. As a result, certain consolidated financial information of the Issuer as at and for the year ended 31 December 2022 is not directly comparable to that as at and for the year ended 31 December 2023 or 2024. For details, please refer to "*Notes to the Financial Statements — V. Description of Changes in Accounting Policies and Accounting Estimates and Correction of Errors*" to the 2024 Audited Consolidated Financial Statements.

The Audited Consolidated Financial Statements are originally prepared in the Chinese language and have been translated into English and included elsewhere in this Offering Circular. The Chinese Financial Statements are available at the following website: https://www.shclearing.com/.

According to the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財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) ("**Circular 706**"), any public interest assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land are prohibited from being counted towards the consolidated financial statements of an enterprise for the purposes of issuing medium and long-term foreign debt. Certain assets that the Group currently holds title to serve public functions. As at 31 December 2022, 2023 and 2024, such assets amounted to approximately RMB14,590.5 million, RMB14,590.5 million and RMB14,590.5 million, respectively, representing approximately 8.9 per cent., 7.9 per cent. and 6.3 per cent. of the Group's total assets, respectively, and approximately 23.6 per cent., 24.0 per cent. and 23.8 per cent. of the Group's net assets, respectively. See "*Risk Factors — Risks relating to the Financial Information — Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects*" for further information.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Managers, are "capital market intermediaries" ("**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 Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan for the purpose of this Offering Circular only); all references to the "**United States**" and "**U.S.**" are to the United States of America; all references to "**PRC government**" are to the people's government of the PRC; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC; and all references to "**USD**", "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America.

This Offering Circular contains a translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB7.2993 to U.S.$1.00 (the noon buying rate in New York City on 31 December 2024 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rates*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

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

Unless the context otherwise requires, references to "**2022**", "**2023**" and "**2024**" in this Offering Circular are to the years ended 31 December 2022, 2023 and 2024, respectively.

In this Offering Circular, unless otherwise indicated or the context otherwise requires, to the following terms shall have the meanings set out below:

"**GDP**" are to gross domestic product;

"**GFA**" are to gross floor area;

"**mu**" are to a standard unit of area for land in China. One mu equals 0.6666 hectares, 0.1647 acres or 666.667 square metres;

"**MOFCOM**" are to the Ministry of Commerce of the PRC (中華人民共和國商務部);

"**NDRC**" are to the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) or its competent local counterparts;

"**PBOC**" are to the People's Bank of China (中國人民銀行), the central bank of the PRC;

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

"**Zhengzhou Municipal Finance Bureau**" are to the Bureau of Finance of the Zhengzhou Municipal People's Government (鄭州市財政局);

"**Zhengzhou Municipal Government**" are to are to the Zhengzhou Municipal People's Government (鄭州市人民政府) or local government entities, and instrumentalities thereof, or where the context requires, any of them;

"**Henan Provincial Government**" are to are to the Henan Provincial People's Government (河南省人民政府) or local government entities, and instrumentalities thereof, or where the context requires, any of them;

"**Zhengzhou SASAC**" are to the State-owned Assets Supervision and Administration Commission of the People's Government of Zhengzhou City, Henan Province of the PRC (中華人民共和國河南省鄭州市人民政府國有資產監督管理委員會);

"**SAFE**" are to the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) or its competent local counterparts;

"**SAT**" are to the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局);

"**SCNPC**" are to the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會);

"**State Council**" are to the State Council of the PRC (中華人民共和國國務院); and

"**VAT**" are to value added tax.

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. 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, operating revenue and profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", or similar words. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under "*Risk Factors*", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

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

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group's capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC government and the People's Government of Henan Province and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the control of the Group;
- changes in the global economic conditions; and
- other factors, including those discussed in "*Risk Factors*".

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SUMMARY

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

Overview

The Company is a state-owned company directly and wholly-owned by the Zhengzhou SASAC. Since 2003, the Group has grown into a key development, operation and financing platform for urban construction of Zhengzhou. The Group is a comprehensive platform for land consolidation, infrastructure construction, relocating housing construction and municipal assets operation, as well as the sole public housing rental operator and the sole indemnificatory housing rental operator at municipal level in Zhengzhou with extensive industry experience, strong government support, sophisticated management team and diversified business segments. Positioning as a city constructor, city operator and capital operator and bearing the mission of building a first-class comprehensive construction and operation platform for the national central city (一流國家中心城市綜合建設運營平台) , the Group has engaged in eight core business segments, including land consolidation, urban infrastructure construction, assets operation, housing rental, indemnificatory housing allocation and sale, relocating housing construction, real estate development and industrial park development and operation. Meanwhile, the Group cultivates the emerging sector of capital operation and explores emerging upstream and downstream businesses relating to existing operations such as industrial park operation and housing rental, and deeply participates in the modernization construction of Zhengzhou as a national central city.

- ***Land Consolidation:*** As the largest platform for land consolidation in Zhengzhou, the Group has, since its establishment in 2003, undertaken major land consolidation projects in Zhengzhou. Under the authorisation of local governments or Zhengzhou Municipal Land Reserve Centre (鄭州土地儲備中心), the Group enters into land consolidation cooperation agreement with them and conducts land primary development as well as relocation compensation arrangement. The Group has completed a number of major municipal land reorganisation and development projects including West Square of Zhengzhou Railway Station Project (鄭州火車站西廣場項目), Expansion of Jingguang Road (京廣路拓寬改造), Jingsha Express Project (京沙快速項目) and Longhai Road Express Project (隴海路項目). The Group also has key projects under construction including Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目), Zhengzhou Xingyang Health Park Land Development Project (鄭州滎陽健康園土地一級開發項目), Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目) and Jindai Kechuang City Urban Renewal Project (金岱科創城城市更新項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its land consolidation business of approximately RMB2,318.8 million, RMB4,245.7 million and RMB3,571.4 million, respectively, representing approximately 25.8 per cent., 45.2 per cent. and 36.6 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Urban Infrastructure Construction:*** As a driving force of urban infrastructure construction in Zhengzhou, the Group shoulders its mandate of serving for the public good and actively participates in urban infrastructure construction in Zhengzhou, primarily including the construction of roads, bridges, schools, ecological water systems and multiple infrastructure and public service facilities. The Group primarily conducts its urban infrastructure construction business through the business models of project construction model (工程施工模式) and the infrastructure agency model (基礎設施代建模式). Over the years, the Group has led the construction of a large number of urban infrastructure projects of strategic and economic significance to Zhengzhou, including Zhengzhou Jingsha Jingguang Express Project (鄭州京沙京廣快速路), Zhengzhou Southern Third-Ring Eastern Side Viaduct Project (鄭州市南三環東延線（南台路-107輔道）), Su Manor Balang Stockade Village Project (蘇莊八郎寨項目), Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its urban infrastructure construction business of approximately RMB1,155.5 million, RMB1,802.7 million and RMB1,323.3 million, respectively, representing approximately 12.9 per cent., 19.2 per cent. and 13.6 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Assets Operation:*** The Group takes an active role in construction and operation of municipal assets including public facilities such as urban parking lots, historical sites, cultural venues as well as industrial parks. The Group also has the right to operate and manage key municipal assets through the PPP model and undertakes several urban public infrastructure construction projects. Major projects conducted under the PPP model include Zhengzhou Third-Ring Express Project (鄭州市三環路快速化工程項目) and Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程). Major municipal assets operation projects that the Group undertakes include Olympic Sports Centre (奧林匹克體育中心), Zhengzhou Opera Centre (鄭州大劇院), Zhengzhou Civic Centre (鄭州市民活動中心), Zhengzhou Niukouyu Yellow River Channelling Project (牛口峪引黃工程), Shifo Settling Basin Ecological Water Supply Project (石佛沉砂池生態供水項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its assets operation business of approximately RMB81.7 million, RMB205.8 million and RMB307.8 million, respectively, representing approximately 0.9 per cent., 2.2 per cent. and 3.2 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Housing Rental:*** As the sole housing rental operation platform designated by Zhengzhou Municipal Government, the Group is responsible for operation of indemnificatory housing rental (including talent apartments) and municipal public housing rental in Zhengzhou and has received strong support from the government. For municipal public housing rental, from 2013 to June 2022, the Group has received public rental housing (approximately 59,873 sets of public rental apartments with a total GFA of approximately 3.2 million square metres) from Zhengzhou Municipal Government at nil consideration and generates revenue from rent and management fees. For indemnificatory housing rental (including talent apartments), the Group has been purchasing existing commercial housing from the market and operated them as indemnificatory rental housing with support from Zhengzhou Municipal Government. The Group has purchased more than 100,000 units of indemnificatory rental housing and has put approximately 60,476 units into operation, attracting more than 70,000 young professionals to reside in these accommodations. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its housing rental business of approximately RMB172.0 million, RMB283.5 million and RMB708.9 million, respectively, representing approximately 1.9 per cent., 3.0 per cent. and 7.3 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Indemnificatory Housing Allocation and Sale:*** As an extension to the indemnificatory housing rental business and in response to the policies from central and local governments to increase the supply of indemnificatory housing, the Group started the indemnificatory housing allocation and sale business in 2024 by converting a portion of its self-constructed talent apartments into allocation-type indemnificatory housing units and generating revenue from property sale. In addition, in 2024, the Group was designated by Zhengzhou Municipal Government as the sole entity to purchase existing commercial housing for use as indemnificatory housing in Zhengzhou. For the year ended 31 December 2024, the Group generated operating revenue from its indemnificatory housing allocation and sale business of approximately RMB179.1 million, representing approximately 1.8 per cent. of the Group's total operating revenue for the same period. As the Group accelerates the construction and acquisition of allocation-type indemnificatory housing, the Group is expected to generate revenue from this business segment.

- ***Relocating Housing Construction:*** The Group is entrusted by the Zhengzhou Municipal Government as the main construction entity to undertake the construction of relocating housing projects and generates revenue therefrom. The development of relocating housing is carried out according to the entrusted development agreement between the Group and the local governments and the Group undertakes the construction and development work. As at 31 December 2024, the Group completed six major relocating housing construction projects with total invested amount of approximately RMB10,773.1 million. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its relocating housing construction business of approximately RMB3,981.6 million, RMB1,105.5 million and RMB784.1 million, respectively, representing approximately 44.3 per cent., 11.8 per cent. and 8.0 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Real Estate Development:*** The Group's real estate development business comprises development and sale of commercial properties and historically some subsidised properties (經濟適用房). As at 31 December 2024, the Group undertook multiple real estate projects and completed six major real estate development projects with an aggregated GFA of approximately 1,071,664.7 square metres and had two major projects under construction including Yutong Jiayuan (裕彤佳苑) and Yongsheng Garden (永盛苑) with a total planned GFA of approximately 323,510.7 square metres. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue generated from its real estate development business were approximately RMB728.4 million, RMB790.7 million and RMB1,445.8 million, respectively, representing approximately 8.1 per cent., 8.4 per cent. and 14.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Industrial Park Development and Operation:*** The Group has proactively engaged in industrial park development business and invested in industrial parks including Jindai Intelligent Industrial Park Project (金岱智慧產業項目), and High-tech Biology Economy Industrial Park (高新生物經濟產業園) and Zhengkai Intelligent Industrial Park (鄭開智慧產業園) which are currently construction. Jindai Intelligent Industrial Park (鄭地金岱智慧產業園) has come into operation and has attracted more than 210 enterprises in the sectors of intelligent manufacturing, technology and services, with a total of signed area of approximately 140,000 square metres. The revenue under this business segment primarily represents the revenue from the portion of the area of Jindai Intelligent Industrial Park that is not owned by the Group, where the Group generated revenue from sale of plants and properties. For the portion of Jindai Intelligent Industrial Park that is self-owned by the Group, the revenue is recognised and classified under the business of assets operation business as specified above and primarily generated from lease of plants and other ancillary facilities as well as operation of the park. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its industrial park development and operation business of approximately nil, RMB175.1 million and RMB382.9 million, representing approximately nil, 1.9 per cent. and 3.9 per cent. of the Group's total operating revenue for the same periods.

- ***Others:*** The Group also conducts other businesses, primarily comprising management consultation, trading, sale of goods, surveying and mapping, property management and other miscellaneous businesses. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its other businesses of approximately RMB553.3 million, RMB784.0 million and RMB1,057.1 million, representing approximately 6.2 per cent., 8.3 per cent. and 10.8 per cent. of the Group's total operating revenue for the same periods.

As at 31 December 2022, 2023 and 2024, the Group's total assets amounted to approximately RMB163,602.9 million, RMB183,908.2 million and RMB230,403.9 million, respectively. For the years ended 31 December 2022, 2023 and 2024, the Group's total operating revenue were approximately RMB8,991.3 million, RMB9,393.0 million and RMB9,760.4 million, respectively, and the Group's total operating profit were approximately RMB602.7 million, RMB527.1 million and RMB709.3 million, respectively, for the same periods.

Competitive Strengths

The Group believes it has the following competitive strengths that have led to its success and are important to its future development:

- Well-positioned to benefit from Zhengzhou, Henan's economic strength and growing competitiveness;

- A key municipal state-owned assets operation platforms authorised by Zhengzhou Municipal Government to implement governmental plans and improve livelihood;

- Strong support from Zhengzhou Municipal Government;

- Diversified financing channels and strong fund-raising capabilities; and

- Experienced management team with proven track records and closely supervised by the Zhengzhou SASAC.

Business Strategies

In order to realise its vision and goals, the Group intends to pursue the following strategies:

- To focus on land consolidation business and support Zhengzhou's industrial development;

- To develop housing rental system for Zhengzhou;

- To advance Zhengzhou's urban renovation;

- To guarantee the implementation of relocating housing plan; and

- Take on more urban infrastructure construction projects under the infrastructure agency model.

Recent Developments

Additional indebtedness since 31 December 2024

The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its business operations and to refinance existing debt. For the three months ended 31 March 2025, the Group incurred indebtedness of approximately RMB2.85 billion, with tenor ranging from one year to 30 years and interest rate ranging from 2.70 per cent. to 4.10 per cent, which includes a series of bonds issuances by the Company and its subsidiaries, including (i) medium-term notes issued in February 2025, in an aggregate principal amount of RMB310 million with interest rate of 2.60 per cent. and a tenor of five years and (ii) corporate bonds issued in March 2025, in an aggregate principal amount of RMB500 million with interest rate of 2.90 per cent. and a tenor of approximately ten years. In addition, the Company, together with its subsidiaries, issued (i) in April 2025, medium-term notes in an aggregate principal amount of RMB408 million with interest of 2.15 per cent. and a tenor of five years, (ii) in June 2025, bonds in an aggregate principal amount of U.S.$350 million with interest rate of 4.90 per cent. and due in 2028 and (iii) in July 2025, bonds in an aggregate principal amount of CNY1 billion with interest rate 2.70 per cent. and due in 2028 (the "**July 2025 Bonds**"). Furthermore, subject to the satisfaction of certain conditions, the Issuer will issue, on the Issue Date, bonds in an aggregate principal amount of CNY1,000,000,000 with interest rate of 2.55 per cent. and due in 2028 (the "**Proposed CNY Bonds**").

Financial Performance of the Group as at and for the Three Months Ended 31 March 2025

On 30 April 2025, the Group published its quarterly consolidated financial statements as at and for the three months ended 31 March 2025 (the "**March 2025 Financial Statements**") on the website of the Shanghai Clearing House (http://www.shclearing.com.cn). As at 31 March 2025, the Group's total assets slightly increased as compared to the balance as at 31 December 2024, primarily driven by growth in long-term receivables and construction in progress, partially offset by a decrease in the Group's cash and cash equivalents. The Group's total liabilities also slightly increased as at 31 March 2025 as compared to the balance as at 31 December 2024, primarily due to an increase in long-term payables and short-term borrowings, partially offset by a decrease in long-term borrowings, non-current liabilities due within one year and accounts payable. For the three months ended 31 March 2025, the Group's operating revenue and operating cost increased significantly as compared to the correspondent period in the preceding year, as a result of the expansion of the Group's rental housing and assets operation businesses. For the three months ended 31 March 2025, the Group incurred operating loss and net loss primarily due to the facts that (i) revenue from the Group's major businesses such as land consolidation, urban infrastructure construction and relocating housing construction are settled by the end of fiscal year and (ii) other income primarily comprising government grants and subsidies and gains on changes in fair value are usually collected or settled by the end of fiscal year.

The March 2025 Financial Statements are not audited or reviewed by any independent auditors. Therefore, they do not provide the same quality of information as the information that has been subject to an audit or review. Potential investors should be cautious if they use or relied upon the information in the March 2025 Financial Statements. The March 2025 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2025. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied, regarding the accuracy, completeness and sufficiency of the March 2025 Financial Statements. The March 2025 Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See "*Risk Factors — Risks Relating to the Financial Information — Investors should not place any reliance on unreviewed or unaudited financial information*".

THE OFFERING

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

Issuer	Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司).
The Bonds	U.S.$210,000,000 in aggregate principal amount of 4.60 per cent. sustainable bonds due 2028.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	14 August 2025.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 14 August 2025, at the rate of 4.60 per cent. per annum, payable semi-annually in arrear in equal instalments on 14 February and 14 August in each year, commencing on 14 February 2026.
Maturity Date	14 August 2028.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Use of Proceeds	The net proceeds from the offering of the Bonds will be used for refinancing medium-term or long-term offshore indebtedness of the Group in accordance with the NDRC Certificate and the Sustainable Finance Framework.
Sustainable Finance Framework . .	The Bonds are being issued as "Sustainable Bonds" under the Issuer's Sustainable Finance Framework. See "*Sustainable Finance Framework Overview*".

Events of Default	The Bonds will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Terms and Conditions.
Cross-Acceleration	The Bonds will contain a cross-acceleration provision in respect of present or future indebtedness for or in respect of moneys borrowed or raised or any present or future guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries which equals or exceeds U.S.$40 million or its equivalent. See Condition 9(c) (*Cross-Acceleration*) of the Terms and Conditions.
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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 7 August 2025, the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts 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 the circumstances set out in Condition 8 (*Taxation*) of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Relevant Events . .	Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions. A "Change of Control Event" occurs when: (i) (a) the Zhengzhou SASAC, (b) the Zhengzhou Municipal Government and (c) any other Person Controlled by the PRC government or any of its local counterpart, together ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or (ii) the Issuer consolidates with or merges into any other Person or Persons other than (a) the Zhengzhou SASAC, (b) the Zhengzhou Municipal Government or (c) any other Person Controlled by the PRC government or any of its local counterpart or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons.
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 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued up 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 a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 August 2025; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

	provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.
Further Issues	The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them, the timing for making and completing the Foreign Debt Registration and the NDRC Post-issue Filing) and for making the subsequent notifications to the Trustee and the Bondholders and so that the same shall be consolidated into and form a single series with the outstanding Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.
Trustee	CNCBI Trustee Limited
Principal Paying Agent	China CITIC Bank International Limited
Registrar and Transfer Agent . . .	China CITIC Bank International Limited
Clearing Systems	The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 314802683 and the ISIN for the Bonds is XS3148026837.
Notice	So long as the Global Certificate is held on behalf of Euroclear and/or Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of Hong Kong courts.

Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only as described in this Offering Circular and it is expected that the permission to deal in, and listing of, the Bonds on the Hong Kong Stock Exchange will become effective on 15 August 2025.
Selling Restrictions	The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Ratings	Fitch has assigned a corporate rating of "BBB+" with a stable outlook to the Issuer. The Bonds are expected to be rated "BBB+" by Fitch. Such ratings are only correct as at the date of this Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
LEI	3003009PNOV401RT0158.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024 set forth below is derived from and should be read in conjunction with the 2023 Audited Consolidated Financial Statements and the 2024 Audited Consolidated Financial Statements, included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Henan Righteous Innovation.

Certain financial information as at and for the year ended 31 December 2023 was adjusted in the 2024 Audited Consolidated Financial Statements primarily due to correction of prior accounting errors. The Issuer did not retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2022 in the 2023 Audited Consolidated Financial Statements. As a result, certain consolidated financial information of the Group as at and for the year ended 31 December 2022 is not directly comparable to that as at and for the year ended 31 December 2023 or 2024. For details, see "Presentation of Financial Information".

The Audited Consolidated Financial Statements were prepared and presented in accordance with the PRC GAAP, which substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of certain differences, see "Summary of Certain Differences between PRC GAAP and IFRS".

The summary financial information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Consolidated Financial Statements and the notes thereto. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

Summary Consolidated Statement of Financial Position

	As at 31 December		
	2022	**2023**	**2024**
	(RMB)	**(RMB)**	**(RMB)**
	(Audited)	*(Audited and adjusted)*	*(Audited)*
Assets			
Current Assets:			
Cash and cash equivalents	11,185,574,431.19	9,695,099,258.58	11,104,016,719.84
Notes receivables	–	–	735,222.00
Accounts receivables	14,163,640,677.57	15,466,579,817.32	20,983,428,380.55
Prepayments	4,821,327,015.23	1,005,598,061.43	1,029,233,008.59
Other receivables	4,225,884,417.86	5,556,317,631.76	4,513,387,310.53
Of which: Interest receivable	294,444.45	–	–
Dividends receivable	15,447,600.00	15,447,600.00	15,447,600.00
Inventories	35,530,423,213.54	34,131,895,494.86	33,478,036,774.87
Contract assets	1,047,965,878.55	647,228,916.54	647,228,916.54
Other current assets	4,075,598,520.06	3,615,389,243.86	2,954,012,510.39
Total current assets	**75,050,414,154.00**	**70,118,108,424.35**	**74,710,078,843.31**

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
	(Audited)	*(Audited and adjusted)*	*(Audited)*
Non-Current Assets:			
Long-term receivables	6,923,000,000.00	12,720,000,000.00	43,802,308,828.68
Long-term equity investments	2,208,645,272.36	2,205,869,247.58	2,172,242,084.56
Other equity instruments investments	511,520,000.00	511,520,000.00	511,520,000.00
Other non-current financial assets	280,927,393.08	279,567,393.08	279,567,393.08
Investment properties	31,435,274,960.14	42,222,695,528.47	64,691,719,209.35
Fixed assets	492,327,527.87	410,419,986.21	523,360,193.90
Construction in progress	2,193,353,370.74	10,459,504,714.37	9,878,684,222.17
Productive biological assets	55,409.10	44,427.27	33,445.44
Right-of-use Asset	2,463,632.45	–	–
Intangible assets	9,261,323,921.22	9,253,267,169.35	9,252,401,732.19
Goodwill	41,565,646.14	41,565,646.14	43,685,880.33
Long-term prepaid expenses	25,588,768.06	14,453,954.88	21,752,844.79
Deferred tax assets	228,732,790.95	260,039,597.97	293,703,971.18
Other non-current assets	34,947,692,426.27	35,411,164,602.55	24,222,879,808.92
Total non-current assets	**88,552,471,118.38**	**113,790,112,267.87**	**155,693,859,614.59**
Total assets	**163,602,885,272.38**	**183,908,220,692.22**	**230,403,938,457.90**
Liabilities and Owners' Equity			
Current Liabilities:			
Short-term borrowings	735,000,000.00	1,717,500,000.00	2,259,517,265.28
Notes payable	63,014,396.43	160,166,997.62	16,798,653.18
Accounts payable	3,921,156,851.46	6,906,257,740.96	7,743,298,575.94
Receipts in advance	21,105,759.83	26,564,958.85	11,262,458.88
Contract Liabilities	2,861,728,631.85	2,092,668,648.59	1,060,857,857.29
Payroll and employees benefits payable	28,748,499.22	28,892,130.93	66,242,022.58
Taxes payable	422,641,187.31	488,316,669.16	476,991,444.30
Other payables	7,370,638,989.87	7,795,072,069.68	8,624,158,721.60
Of which: Interest payable	1,763,437.49	–	–
Current portion of non-current liabilities	13,224,426,157.11	16,948,226,446.48	27,032,040,279.38
Other current liabilities	95,923,467.98	85,485,625.53	25,348,199.81
Total current Liabilities	**28,744,383,941.06**	**36,249,151,287.80**	**47,316,515,478.24**
Non-Current Liabilities:			
Long-term borrowings	28,502,290,140.50	40,161,837,796.22	47,316,253,047.74
Bonds payable	32,050,935,692.09	28,505,337,592.84	28,535,019,256.05
Lease liabilities	989,919.12	–	–
Long-term payables	9,817,060,626.62	15,241,761,313.43	42,806,606,253.26
Deferred income	705,154,226.95	812,249,999.35	840,925,754.74
Deferred tax liabilities	1,376,201,874.66	1,537,002,205.88	1,760,308,585.81
Other non-current liabilities	585,558,712.02	593,482,201.92	577,331,122.06
Total non-current liabilities	**73,038,191,191.96**	**86,851,671,109.64**	**121,836,444,019.66**
Total liabilities	**101,782,575,133.02**	**123,100,822,397.44**	**169,152,959,497.90**
Shareholders' Equity:			
Paid-in capital	2,000,000,000.00	2,000,000,000.00	2,700,540,000.00
Capital reserve	53,727,132,054.77	52,550,612,327.40	51,918,326,569.20
Other comprehensive income	168,168,011.34	167,533,071.94	167,344,801.67
Surplus reserve	366,561,133.91	366,561,133.91	366,561,133.91
Undistributed profits	4,209,747,331.07	4,320,771,964.92	4,620,270,054.58
Equity attributable to owners of the parent	60,471,608,531.09	59,405,478,498.17	59,773,042,559.36
Non-controlling interests	1,348,701,608.27	1,401,919,796.61	1,477,936,400.64
Total owners' equity	**61,820,310,139.36**	**60,807,398,294.78**	**61,250,978,960.00**
Total liabilities and shareholders' equity	**163,602,885,272.38**	**183,908,220,692.22**	**230,403,938,457.90**

Summary Consolidated Income Statement

	Year ended 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
	(Audited)	*(Audited and adjusted)*	*(Audited)*
1. Total revenue	**8,991,291,742.77**	**9,392,962,868.43**	**9,760,402,079.99**
Including: Operating revenue	8,991,291,742.77	9,392,962,868.43	9,760,402,079.99
2. Total cost of sales	**(8,959,074,085.27)**	**(9,673,645,256.61)**	**(10,257,167,488.15)**
Including: Cost of sales	(7,642,827,087.54)	(8,094,180,673.06)	(8,093,579,715.29)
Taxes and surcharges	(200,209,455.54)	(179,366,827.74)	(241,229,975.50)
Selling expenses	(94,345,273.09)	(77,705,348.55)	(89,018,354.51)
General and administrative Expenses	(374,412,044.38)	(343,557,860.70)	(343,488,391.19)
Research and development (R&D) Expenses	(5,344,248.77)	(7,847,901.97)	(14,244,284.97)
Financial Expenses	(641,935,975.95)	(970,986,644.59)	(1,475,606,766.69)
Including: Interest expenses	(1,108,597,605.27)	(1,428,542,112.76)	(2,044,918,814.23)
Interest income	724,292,527.77	602,175,308.05	655,363,471.95
Add: Other income	138,789,867.32	351,207,800.44	517,682,495.11
Investment income	47,204,885.76	46,275,514.13	(78,967,518.44)
Including: Share of profits or loss of associates and joint ventures	30,902,108.29	25,811,387.04	(88,207,518.44)
Gains on changes in fair value	446,037,946.39	555,445,134.66	832,901,360.84
Credit impairment losses	(61,569,135.73)	(140,277,701.02)	(65,651,285.34)
Assets impairment (losses)/gains	–	(4,865,493.70)	156,177.61
Gains/(losses) from disposal of assets	18,749.41	12,644.65	(21,741.10)
3. Operating profit	**602,699,970.65**	**527,115,510.98**	**709,334,080.52**
Non-operating income	31,337,519.18	8,371,757.76	2,318,068.61
Non-operating expenses	(2,756,404.42)	(2,588,286.12)	(10,293,312.82)
4. Profit/(loss) before tax	**631,281,085.41**	**532,898,982.62**	**701,358,836.31**
Income tax expense	(273,119,978.81)	(232,916,263.73)	(303,938,055.28)
5. Net profit/(loss)	**358,161,106.60**	**299,982,718.89**	**397,420,781.03**
(i) Categorized by operation continuity	–	–	–
a. Net profit from continuing operations	358,161,106.60	299,982,718.89	397,420,781.03
b. Net profit from discontinuing operations	–	–	–
(ii) Categorized by ownership	–	–	–
a. Net profit attributable to owners of the parent	309,360,607.29	267,598,684.62	349,441,189.66
b. Net profit attributable to non-controlling interests	48,800,499.31	32,384,034.27	47,979,591.37
6. Other comprehensive income, net of tax	**(33,155,137.16)**	**(634,939.40)**	**(188,270.27)**
Other comprehensive income, net of tax, attributable to owners of the parent company	(33,155,137.16)	(634,939.40)	(188,270.27)
(i) Other comprehensive income that will not be reclassified to profit or loss	–	–	–
(ii) Other comprehensive income to be reclassified to profit or loss	(33,155,137.16)	(634,939.40)	(188,270.27)
a. Other comprehensive income that can be transferred to profit or loss under the equity method	(34,229,376.13)	(634,429.44)	(5,765,248.52)
b. Others	1,074,238.97	(509.96)	5,576,978.25
Other comprehensive income, net of tax, attributable to non-controlling interests	–	–	–
7. Total comprehensive income	**325,005,969.44**	**299,347,779.49**	**397,232,510.76**
Total comprehensive income attributable to owners of the parent	276,205,470.13	266,963,745.22	349,252,919.39
Total comprehensive income attributable to non-controlling interests	48,800,499.31	32,384,034.27	47,979,591.37

Summary Consolidated Statement of Cash Flows

	Year ended 31 December		
	2022	2023	2024
	(RMB) *(Audited)*	**(RMB)** *(Audited)*	**(RMB)** *(Audited)*
Net cash flows from operating activities	(9,242,225,898.08)	(1,034,763,841.20)	1,097,442,337.58
Net cash flows from investing activities	(2,306,516,814.18)	(14,400,039,980.13)	(10,579,572,735.50)
Net cash flows from financing activities	11,052,018,714.24	13,954,582,268.22	10,931,055,669.59
Net increase in cash and cash equivalents	**(496,723,998.02)**	**(1,480,221,553.11)**	**1,448,925,271.67**
Add: Cash and cash equivalents at beginning of year	11,547,462,955.23	11,050,738,957.21	9,570,517,404.10
Cash and cash equivalents at end of year	**11,050,738,957.21**	**9,570,517,404.10**	**11,019,442,675.77**

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the value of Bonds. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Group and the Group or the value of the Bonds. The Group believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Group to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Group on information currently available to it or which the Group is currently unable to anticipate. 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. The Group does not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward- looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Risks Relating to the Group and its Businesses

The Group's business, financial condition, results of operations and prospects depend heavily on the level of economic development in Zhengzhou and in the PRC.

The Group's business operations are mainly in Zhengzhou. Therefore, the Group's business, financial condition, results of operations and prospects have depended, and will continue to depend heavily, on the level of economic development in Zhengzhou. China's economic development has experienced a slowdown in recent years. According to the National Statistics Bureau of the PRC, the PRC's annual GDP growth rate declined from 7.3 per cent. in 2014 to 2.3 per cent. in 2020. While the PRC economy gained strength in 2021 with an annual GDP growth rate of 8.1 per cent., it slowed down to 3.0 percent. in 2022, 5.2 per cent. in 2023 and 5.0 per cent. in 2024. It is hard to predict how Zhengzhou's economic development will be affected by a slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures issued and implemented by the PRC government will be effective in stimulating the recovery of the economy. There can be no assurance that the level of economic development in Zhengzhou as well as the PRC will continue at the past rate of growth, if at all. Any slowdown in the economic development in Zhengzhou or the PRC may affect the PRC government's support or the Zhengzhou Municipal Government's investments in the industries where the Group operates, reduce the demand for the Group's services and products and therefore adversely affect its business, financial condition, profitability, results of operations and prospects.

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

The Group is the primary urban infrastructure construction platform in Zhengzhou. In light of the strategic importance of the Group's business and operations to Zhengzhou, the Group has benefited from, and relied on various forms of support from Zhengzhou Municipal Government (in the form of government grants and subsidies, asset transfers and capital injections as well as incentives permissible under PRC laws and regulations), to meet its capital and other operation requirements. Please refer to "*Business — Competitive Strengths — Strong Support from Zhengzhou Municipal Government*" for further details. For the years ended 31 December 2022, 2023 and 2024, the Group received government subsidies and grants of approximately RMB468.1 million, RMB84.4 million and RMB543.0 million, respectively, representing 131.4 per cent., 28.2 per cent. and 136.6 per cent., respectively, of the Group's net profit for the same periods. However, there can be no assurance that the Zhengzhou Municipal Government will continue to provide support to the Group or that the support it currently receives such as subsidies and other grants will not be adjusted or terminated due to changes in the 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 competitiveness, business, financial condition and results of operations would be materially and adversely affected, which will further deteriorate the debt service capability of the Group.

The Zhengzhou Municipal Government may exert significant influence on the Group, and the Group may not make decisions, take actions or invest in or operate businesses or projects that are in the Group's best interest or that aim to maximise the Group's profits.

The Group is directly and wholly-owned by the Zhengzhou SASAC, which is a government organ of the Zhengzhou Municipal Government. Despite the fact that the Group has the right to operate its business independently and autonomously, the Zhengzhou Municipal Government is in a position to exert significant influence on the Group's development plans, strategies, key business decisions, transfer of equity interests or assets and implementation of reorganisation of state-owned companies from time to time. Given the Group's state-owned background and its strategic role in the development of Zhengzhou, the Zhengzhou Municipal Government may use its ability to influence the Group's business and strategy in a manner beneficial to Zhengzhou as a whole but which may not necessarily be in the Group's best interests. For example, in its urban infrastructure construction business, the Group has undertaken several landmark projects in Zhengzhou on a non-profit basis in accordance with the unified arrangement of the Zhengzhou Municipal Government. Another example is that as requested by the Zhengzhou Municipal Government, the Group charges lower rents from certain of its indemnificatory rental housing compared to the market rent price of the surrounding houses. For example, the rent of talent apartments would be capped at 70 per cent. of the market price of the surrounding houses, which prevents the Group from realising full profits from its projects. Any change to the Zhengzhou Municipal Government's policies may require the Group to adjust or modify its business plans and may materially affect its business, financial condition and results of operations.

Transfer of the assets and equity interests of the Group may affect the Group's financial condition and results of operations.

Despite that the Group has the right to operate its business independently, the Group may undergo certain transfer of the assets and equity interests of the Group, led by the government, from time to time. There can be no assurance that any such transfer may not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As an important investment and financing platform in the land consolidation and urban construction industries and the sole public housing rental operator at municipal level in Zhengzhou, the Group is commissioned by the Zhengzhou Municipal Government and other local governmental entities and agencies to participate in many public projects such as land consolidation, assets operation, industrial park development and operation, construction and operation of indemnificatory rental housing and relocating housing. The Group believes that it currently maintains a productive working relationship with government bodies, entities and agencies, but there can be no assurance that such relationship will continue in the future. The Zhengzhou Municipal Government and other local governmental entities and agencies may (i) have economic or business interests or considerations that are inconsistent with the Group's best interests; (ii) take actions which are contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) encounter financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. They may not perform their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the

Group, change existing policies and project plans for various reasons such as government budgeting. The occurrence of any such event may require the Group to adjust its development plans, which would adversely affect its operating results. If there is any material disagreement between the Group and such government, entities or agencies, as the case may be, the Group may not be able to successfully resolve the disagreement in a timely manner. Disputes with public bodies may last for a considerably longer period of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these factors may materially and adversely affect the business relationship between the Group and the Zhengzhou Municipal Government, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business and prospects to a large extent depend upon the spending of the Zhengzhou Municipal Government on land development, indemnificatory housing rental projects, municipal assets operation and industry integration development.

The Group is tasked to implement the Zhengzhou Municipal Government's plans to develop Zhengzhou, and the Group's business and prospects are heavily affected by the spending of the Zhengzhou Municipal Government on land development, indemnificatory housing rental projects, municipal assets operation and industry integration development. The Group's operating revenue from its construction projects are primarily derived from the construction fees paid by the Zhengzhou Municipal Government and its controlled entities.

There are many factors affecting the amount, time and priority of the Zhengzhou Municipal Government's spending on land development, indemnificatory housing rental projects, municipal assets operation and industry integration development. Such factors include national and regional policies affecting the development of different industries and fiscal and monetary policies. Government spending is also affected by government income and the general economic conditions in the PRC, Henan province and Zhengzhou. Any slowdown in the economic growth in the PRC, Henan province and Zhengzhou may adversely affect the financial condition and fiscal income of the Zhengzhou Municipal Government, which may in turn cause the Zhengzhou Municipal Government to reduce its spending on land development, indemnificatory housing rental projects, municipal assets operation and industrial integration development. If the Zhengzhou Municipal Government decreases its spending and investment on land development, indemnificatory housing rental projects, municipal assets operation and industrial integration development, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

Various PRC government entities maintain and enforce regulations relating to local government financing vehicles ("**LGFV**"). These government entities, including MOF, may from time to time interpret relevant laws and regulations from different perspectives. The Issuer therefore cannot be certain that certain regulations intended to apply to LGFVs do not or will not apply to it or that such regulations will not be retroactively applicable to it.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) ("**Circular 43**"). According to Circular 43, local government financing vehicles, such as the Company, are no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on their operations and financing in accordance with market-oriented principles. Local governments should finance the development of public interest projects by issuance of government notes. Public interest projects that are profit earning may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors must invest in accordance with market-oriented principles, and projects may be financed by bank loans, corporate notes and asset-backed securitisation. Furthermore, private investors and the special purpose companies must bear the obligation to repay their debts, and the relevant local government will not be liable for any of the private investors' or the special purpose companies' debts.

As part of the implementation of Circular 43, the local branches of MOF conducted an audit on the existing debts of local government financing vehicles. Debts reported by the local governments were classified into four categories, namely (i) debts that shall be repaid with funds of the local governments (the "**First Type of Borrowing**"), (ii) debts that are guaranteed by the local governments (the "**Second Type of Borrowing**"), (iii) debts that may be repaid by the local governments with public funds at their option when the borrowing financing vehicles are not able to repay (the "**Third Type of Borrowing**"), and (iv) debts that will not be repaid or financed with the funds of the local governments (the "**Fourth Type of Borrowing**").

MOF subsequently implemented a programme with the aim of controlling the significant increase in local government debts and related risks in the PRC's banking system in 2015 (the "**Debt Swap Programme**"). Under the Debt Swap Programme, local governments were allowed, at their discretion, to swap the outstanding debts of their financing vehicles that were classified as the First Type of Borrowing with long-term and low-interest government notes to be issued by local governments within the quota allocated by MOF.

In addition to Circular 43, the MOF, the NDRC, the Ministry of Justice, the People's Bank of China, the 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**") on 26 April 2017. Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government notes within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments.

On 28 May 2017, the MOF issued 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行為的通知(財預[2017]87號)) ("**Circular 87**"). Circular 87 required that local governments and their departments shall not take advantage of or fabricate contracts for government procurement of services in such a manner that conceals an underlying objective of raising funds for any construction project. On 28 March 2018, the MOF further issued the Notice on Regulating the Investment and Financing Behavior of Financial Enterprises to 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**").

On 11 May 2018, the NDRC and MOF jointly issued the Circular 706. The Circular 706 reiterates the PRC government's position to isolate the debt of LGFVs from that of the relevant local government. The Circular 706 requires enterprises that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management's decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. Certain assets that the Group currently holds title to serve public functions. See "*— Risks relating to the Financial Information — Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects*". Circular 706 also reaffirms that the offering circulars of notes issuances shall not disclose information, that can implicitly or explicitly indicate the government's endorsement, such as local financial revenue and expenditures and government debt information or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder of such foreign-debt-incurring enterprises shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

The Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見) (the "**Joint Opinion**") was jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf. The Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) ("**Circular 666**") was issued by the General Office of NDRC on 6 June 2019 (Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, together, the "**Debt Control Circulars**").

The Group believes that the PRC government will continue to implement the Debt Control Circulars and other relevant regulations to control local government debts. Accordingly, the Group should rely on the cashflow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. The Group may be required to further change its financing model and business model, which may have a material impact on its business, financial condition, results of operations and prospects.

In particular, neither the Zhengzhou Municipal Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Zhengzhou Municipal Government only has limited liability in the form of its equity contribution in the Company and the Bonds are solely to be repaid by the Company and the obligations of the Company under the Bonds or the Trust Deed shall solely be fulfilled by the Company as an independent legal person. In addition, any ownership or control by the PRC government including the Zhengzhou Municipal Government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer and the Group. If the Company does not fulfil its obligations under the Bonds and the Trust Deed, the holders of the Bonds will only have recourse against the Company, and not the Zhengzhou Municipal Government or any other PRC governmental entity.

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 Zhengzhou City. Any material region-wide adverse events may negatively impact the demand for projects conducted or services provided by the Group in Zhengzhou City, which would in turn affect the revenue and profitability of the Group. Such material and adverse events include, but 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's business operations are capital intensive and any failure by it to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect the Group's business, financial condition and prospects.

The Group's business operations are capital intensive and require substantial capital resources. As the Group is planning to increase its investments and projects for the operations in land development, indemnificatory housing rental and placing projects, municipal assets operation and industry integration development, its funding needs will increase. The Group has also undertaken, and will continue to undertake, the construction, development and operation of several municipal public projects in accordance with the unified arrangement of the Zhengzhou Municipal Government on a no-profit basis. Although most of these projects have corresponding funding plans, at the early stage of these projects the Group still needs to use its own funds or raise additional funds. The Group has significant outstanding balances of receivables from the government because some of the Group's funding in undertaking these projects will be paid by the government as the projects progress or complete. The Group has historically met its capital requirements primarily through revenue generated from its operations and other financing channels such as bank loans, issuances of debt securities, trust and financial leasing and various government subsidies or financial support. However, there can be no assurance that such funding sources will provide the Group with sufficient amounts of capital in a timely manner. Also, there can be no assurance that additional financing will be available to the Group or, if available, that it can be obtained on terms acceptable to the Group and within the covenants and limitations imposed by the Group's existing or future financing arrangements and the applicable regulations to which the Group may be subject. Furthermore, the Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including general political, economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in its business, success of its businesses, and provisions of tax, securities and other relevant laws that may be applicable. Any failure to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect the Group's projects and its debt repayment ability, which may in turn adversely affect the Group's business, financial condition and prospects.

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

To fund its projects and other businesses, the Group has incurred a large amount of indebtedness mainly through bank loans, issuance of debt securities and financial leasing in the PRC market. As at 31 December 2024, the Group's total interests-bearing indebtedness (comprising short-term borrowings, interest-bearing portion of current portion of non-current liabilities, long-term borrowings, bonds payable, long-term payables (financing leasing)) amounted to approximately RMB99,017.8 million, among which approximately RMB21,473.5 million will become due within one year. The Group may incur additional indebtedness in the future, including but not limited to the issuance of debt securities or entering into banking or other loan arrangements. If any member of the Group incurs additional debt, the risks that the Group faces as a result of its already substantial indebtedness could intensify.

The high level of existing indebtedness and incurrence of further indebtedness could have adverse consequences to the Group's business, including:

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

In incurring indebtedness and liabilities from time to time, the Group may create security such as pledge and mortgage over its assets in favour of relevant creditors. As at 31 December 2024, the Group had restricted assets in an amount of approximately RMB2,082.5 million, a large portion of which were provided as security to secure the loan facilities of the Group. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Company and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, the Group guarantees indebtedness of other entities outside the Group from time to time. As at 31 December 2024, the Group had such external guarantees of approximately RMB291.4 million, which were provided for the indebtedness of the Company's subsidiaries. If any such entity defaults in paying its indebtedness, the relevant member of the Group would be jointly liable for such indebtedness or obliged to pay the shortfall according to the provisions of the relevant guarantee, which would have an adverse effect on the Group's or, as the case may be, the Group's business, financial condition, results of operations and prospects. Similarly, the Company also provides guarantees to certain of its subsidiaries and associated companies from time to time. If any of such subsidiaries or associated companies defaults on any borrowings guaranteed by the Company, the relevant lender may exercise its right under the guarantee to demand repayment from the Company. The occurrence of either of these types of events may result in a funding shortage at the Group's level and may materially and adversely affect the Group's ability to provide financial support to its other subsidiaries and associated companies.

Negative operating cash flows may expose the Group to liquidity risk.

For the years ended 31 December 2022 and 2023, the Group had net cash outflow from operating activities of approximately RMB9,242.2 million and RMB1,034.8 million, respectively, which is primarily due to the increasing operating costs incurred for business expansion. The foregoing may expose the Group to liquidity risk. Even though the Group had net cash inflow from operating activities of approximately RMB1,097.4 million for the year ended 31 December 2024, there can be no assurance that the Group will be able to record net cash inflow from operating activities in the future.

While the Group believes that it has sufficient funds to finance its current working capital requirements, its cash flows may be adversely affected by a variety of competitive, macroeconomic and other related factors that are beyond its control. The Group's future liquidity, the payment of its other payables and accruals, as well as the repayment of its outstanding indebtedness when due, will primarily depend on its ability to maintain adequate cash inflows from operating activities and proceeds from external financing. In the event that it is unable to generate sufficient cash flows from its operations to meet the demand from its operating and capital expenditures, its operations will have to be funded by other financing activities. However, the Group's debt service and other fixed payment obligations could divert its cash flows from its operations and planned capital expenditures, and its financing costs associated with such debt obligations could materially and adversely affect the Group's profitability in the future.

The Group may face liquidity risk arising from receivables.

As a state-owned enterprise, the Company, together with its subsidiaries, undertakes regional land consolidation and municipal infrastructure construction projects under the assignment of government authorities within Zhengzhou. In addition, the Group is the sole public housing rental operator and the sole indemnificatory housing construction platform at municipal level in Zhengzhou. For most of the projects, in addition to appropriations advanced to the Group beforehand, the Group captures its cost and agreed profit from government authorities gradually, which results in substantial accounts receivable from the government. As at 31 December 2022, 2023, and 2024, the Group had accounts receivable of approximately RMB14,163.6 million, RMB15,466.6 million and RMB20,983.4 million, respectively, accounting for approximately 8.7 per cent., 8.4 per cent., and 9.1 per cent. of the total assets of the Group for the same periods, and the Group had other receivables of approximately RMB4,225,8 million, RMB5,556.3 million and RMB4,513.4 million, respectively, accounting for approximately 2.6 per cent., 3.0 per cent. and 2.0 per cent., respectively of the Group's total assets for the same periods. The Group's accounts receivables and other receivables primarily comprise the amounts due from the government agencies including Zhengzhou Municipal Finance Bureau (鄭州市財政局), Zhengzhou Municipal Land Reserve Centre (鄭州市土地儲備中心), Xingyang Health Park Management Committee (鄭州滎陽健康園區管委會) and Zhengzhou Urban and Rural Construction Committee (鄭州市城鄉建設委員會) and contractors. As at 31 December 2024, approximately 82.1 per cent. of the Group's accounts receivables and 80.1 per cent. of the Group's other receivables, respectively, are due from its largest five customers. There are inherent risks associated with the ability of the government agencies in Zhengzhou and Henan and the Group's contractors to make timely payments. See "*— The Group faces risks associated with contracting with public bodies*". Even though the likelihood of these accounts receivables and other receivables turn to bad debts is low, but the instability of the time to collect payment remains. If the governmental revenue slowed down or otherwise resulted in the inability to recollect payment on time, the Group would face risks in maintaining its daily operation as well as cash flow.

There can be no assurance when the Group is able to collect its receivables from the clients. There are inherent risks associated with ability and willingness of the Group's counterparties with respect to these other receivables 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. If the balance of other receivables increases, it will impose great risks on the cash flows and liquidity of the Group.

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

The Group from time to time considers investment and acquisition opportunities that may complement its core business portfolio and capabilities and assist in expanding the market share of its core and other business operations. The ability of the Group's operations to grow by investments in and/or acquisitions is dependent upon, and may be limited by, the requirements of the Zhengzhou Municipal Government, the availability of attractive projects, its ability to agree commercial, technical and financing terms to its satisfaction and obtaining required approvals from relevant regulatory authorities. There can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms, if at all, or that the due diligence with respect to any acquisition will reveal all relevant facts that are necessary or useful in evaluating such opportunity.

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

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

When analysing a potential acquisition, the Group will consider various factors, including but not limited to the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group is unable to predict whether there will be any targets suitable for acquisition or when any suitable acquisition opportunities could arise.

The Company may not be able to execute successfully or fully its business strategy with respect to assets, projects or companies in which the Company has minority interests or joint ventures.

The Company may not be able to execute successfully or fully its business strategy with respect to assets, projects or companies in which the Company has minority interests or joint ventures. The Company may also fail to manage such assets, projects, companies or joint ventures successfully. The Company's involvement with such assets, projects, companies and joint ventures is generally subject to the terms of applicable agreements and arrangements. The Company may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of such companies. If any of the Company's other partners in such companies or joint ventures fails to perform their respective obligations or otherwise breaches the terms and conditions of the relevant agreements and arrangements, or if the Company has different views or strategies with its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations. Any actual or perceived deterioration in the reputation of the Group's joint venture partners could also have an adverse impact on the Group's business, profitability and prospects.

The Group is subject to extensive regulatory requirements, non-compliance with which would materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to extensive laws, policies and regulatory requirements issued by relevant governmental authorities in the PRC. The Group is also subject to the supervision of a number of government ministries and departments, including but not limited to Zhengzhou SASAC, the NDRC, the MOF, the Ministry of Health of the PRC, the Ministry of Housing and Urban-Rural Development and the State Administration of Work Safety. Any breach of the laws or regulations to which the Group is subject may result in the imposition of fines and penalties, the suspension or closure of its relevant operations or the suspension or revocation of its licences or permits to conduct its relevant businesses. Given the magnitude and complexity of the laws and regulations to which the Group is subject, compliance with such laws and regulations or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. Although the Group is obliged to comply with all applicable laws and regulations, given the changing nature and the increased complexity of the regulations in the PRC, there can be no assurance that the Group will be in compliance at all times. For example, as at the date of this Offering Circular, the Group conducts land consolidation projects and rental housing projects with the approvals from the government, but may have not obtained all necessary licences or permits such as construction land use permit (建設用地規劃許可證) or construction planning permit (建設工程規劃許可證). Any failure to comply with applicable laws and regulations could subject member of the Group to, among other things, civil liabilities and penalty fees.

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

There are a number of construction, financing, operating and other risks associated with project developments in the PRC. The construction and operation of municipal public projects that the Group undertakes typically require substantial capital expenditures prior to and during the construction phase and usually take many years before they become operational and start to generate revenue. The progress of and the costs involved in completing a development project can be adversely affected by many factors, including:

- adjustments in construction plans;
- changes in market conditions, an economic downturn or a decline in consumer confidence;

- delays in obtaining necessary licences, permits or approvals from government agencies or authorities;
- relocation of existing residents and demolition of existing structures;
- increases in the market prices of raw materials if it cannot pass on the increased costs to customers;
- shortages of materials, equipment, contractors and skilled labour;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labour disputes or disputes with sub-contractors;
- construction accidents;
- natural disasters, terrorism;
- adverse weather conditions;
- changes in government practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

Any of these could give rise to delays in the completion of construction and/or cost overruns. Construction delays can result in loss of revenue. The failure to complete construction according to the specifications may result in increased liabilities, reduced efficiency and lower financial returns for the Group. In addition, as construction costs for new projects have increased due to factors that are generally beyond the Group's control, construction delays may further increase these costs. Although the majority of the Group's real estate projects have been completed on schedule, there can be no assurance that this will remain the case or that future construction projects will be completed on time, or at all, and generate satisfactory returns.

The Group is subject to regulatory approval risks and requires various approvals, permits and licences to operate its businesses.

In the PRC, infrastructure and real estate development projects involve a complex and lengthy process of formal, official and governmental authorisations and approvals as well as significant administrative and logistical difficulties concerning acquisition and usage of land use rights. There can be no assurance that such approvals will be obtained in accordance with the terms applied for or at all. For example, as at the date of this Offering Circular, some of the construction projects have not obtained the necessary approvals permits and licences, such as the project commencement approval, the environmental influence assessment document, planning permit and construction permit. For future projects, there can be no assurance that the requisite approvals can be obtained in a timely manner or at all. Also, as the Company develops and operates some of its projects through equity joint ventures, there can be no assurance that the Company will come to an agreement with its joint venture partners with respect to the terms of the Company's projects and that those terms are commercially and technically satisfactory. The acquisition or transfer of interests in such projects is also usually subject to governmental approvals, which can impact on the Company's ability to dispose of such projects. See "*Risks Relating to the Group and its Businesses — The Group is subject to various environmental, energy saving, safety and health regulations* *in the PRC and any failure to comply with such regulations may result in penalties, fines, governmental sanctions, proceedings or suspension or revocation of its license or permits*".

In addition, pursuant to the applicable laws and regulations in the PRC, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations. Some of the Group's members do not possess valid land use rights certificates or building ownership certificates to certain properties. Some of these members are in the process of applying for or will apply for the relevant certificates, permits or approvals for certain properties (including the construction in progress). There can be no assurance that such certificates and permits will be obtained in a timely manner, or at all, and any delay may result in a disruption to their business operations and may adversely affect their financial performance. Non-compliance with the relevant laws and regulations or the failure to obtain the relevant approvals, permits and licences could expose the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. These may materially and adversely affect the Group's financial condition and results of operations.

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

The Group engages contractors for the provision of various services, including but not limited to certain construction work for its indemnificatory rental housing, relocating housing, urban infrastructure and industrial parks. The construction contracts between the Group and the third-party contractors stipulate specific quality requirements with which the contractors need to comply. There can be no assurance that the services rendered by the contractors will always be satisfactory and up to the standard specified in the relevant contracts. In addition, the Group is also exposed to the risk that its contractors may require additional capital to complete an engagement in excess of the price originally tendered if the original work scope under the construction contracts needs to be widened and the Group may have to bear additional costs as a result. If any of the key contractors fails to perform their contractual obligations, the Group's operations, business and financial condition may be materially and adversely affected.

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

The Group's businesses may be materially and adversely affected if the Group fails to maintain adequate and effective risk management, internal control and financial reporting systems.

Certain areas within the Group's risk management, internal control and financial reporting systems may require constant monitoring, maintenance and continual improvements by the Group's senior management and staff. The Company's major wholly-owned subsidiaries and controlled companies are under the Group's management and internal control systems. The Group's business, financial condition, results of operations and prospects may be materially and adversely affected if the Group's efforts to maintain these systems prove to be ineffective or inadequate. The Group's risk management, internal control and financial reporting systems may contain inherent limitations caused by employees' inexperience or errors in their judgement. As a result, there is no assurance that the Group's risk management, internal control and financial reporting systems are adequate or effective, notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to the Group's risk management system, and a material adverse effect on the Group's financial condition and results of operations.

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

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. While the Group has not experienced any material malfunction of these systems, any malfunction of these systems or any inadequacy in its controls could cause the relevant information to become unreliable, inaccurate or permanently lost, which could have an adverse effect on the Group's relevant business segments and, consequently, its operating revenue and results of operations.

The Group is exposed to interest rate risk.

Same of the Group's indebtedness is funded with instruments with floating interest rates. Interest rate fluctuations may therefore have a significant influence on the financial performance of the Group. Any changes in interest rates may impact the Group's borrowing costs. The Group may be susceptible to interest rate volatility if it is unable to match its floating rate liabilities with floating rate payments. There can be no assurance that fluctuations in interest rates will not have an adverse effect on the Group's earnings, cash flows, financial position and results of operations.

The Group is exposed to risks of rising cost of labour, construction materials or construction equipment and its profit margin and results of operations may be adversely affected.

Construction costs are one of the predominant components of the Group's cost of sales, and costs of labour, construction material and equipment are the principal drivers of construction costs. As a result of economic growth in the PRC, wages for construction workers and the prices of construction materials and building equipment have substantially increased in recent years. In addition, the Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the "**Labour Contract Law**") that came into effect on 1 January 2008 and was amended on 28 December 2012 enhanced the protection for employees and increased employers' liability in many circumstances, which may further increase the Group's labour costs. Under the terms of most of the Group's construction contracts, the contractors are responsible for the wages of construction workers and procuring construction materials for its property development and therefore bear the risk of fluctuations in wages and construction material and equipment prices during the term of the relevant contract. The contractors are also liable if they do not purchase work injury insurance for their workers as required. However, the Group is exposed to the price volatility of labour and construction materials and equipment to the extent that it periodically enters into new or renews existing construction contracts at different terms during the life of a project, which may span over several years, or if it chooses to hire the construction workers directly or purchase the construction materials or equipment directly from suppliers. The Group is also exposed to the price volatility of building equipment and materials used in properties developed by it because it usually procures such equipment and materials itself. Any increased costs or delay in government approval for the construction projects would increase the costs for the projects. In relation to the projects constructed by the Company's subsidiaries, such subsidiaries bear the risk of fluctuations in wages and construction material prices and are also exposed to the price volatility of construction equipment used in construction projects. If the Group is unable to pass on any increase in the cost of labour, construction materials and construction equipment to its customers, its results of operations may be negatively affected. There can be no assurance as to the future movements of the prices of the construction materials or equipment required by the Group and any detrimental movements in the future could have a material adverse effect upon its financial condition and results of operations.

The urban infrastructure construction business, assets operation business, real estate development business and housing rental business are subject to claims under statutory quality warranties.

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例) that came into effect on 30 January 2000 and was amended on 7 October 2017 and 23 April 2019, all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. The Group is required to provide these warranties to its customers. Generally, it receives quality warranties from its third-party contractors with respect to its development projects. The relevant subsidiaries within the Group have accumulated extensive real estate development and management experience, and also have various project management and quality control measures in place. However, in the project development process, there are many factors which may adversely affect the quality of the properties. Any deficiency in project management or quality control may result in defects in the construction, design and overall quality of the properties. If a significant number of claims are brought against the Group under its warranties and if it is unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the moneys retained by it to cover its payment obligations under the quality warranties are not sufficient, the Group could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm its reputation and have a material and adverse effect on its business, financial condition and results of operations.

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

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

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

- conducting any insider dealing; or

- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance 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 that the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity for the Group and have a material adverse effect on its reputation and business.

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

The Group's business may involve compliance with extensive environmental, energy saving, safety and health regulations in the PRC. For example, the particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site and the nature and former uses of adjoining properties. Failure to comply with these regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems, may cause delays in developments. For example, the Group is required to obtain an approval of the environmental impact assessment report or submit an environmental impact registration form for a construction project before construction commences and comply with the terms of such approval.

There is no assurance that the Group will be able to comply with all applicable requirements or obtain all the required approvals and permits on a timely basis, if at all. In addition, the relevant PRC laws and regulations on the environment, energy saving, safety and health are constantly evolving, and there may be potential material environmental liabilities of which the Group is unaware. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase the compliance costs of the Group.

The Group may be subject to disputes, legal, regulatory or other proceedings.

From time to time, the Group may be involved in disputes that arise during the ordinary course of business with various parties such as relocatees, contractors, customers and property management companies. These disputes may lead to protests, legal or other proceedings and may result in damage to the Group's reputation and operations, substantial costs and diversion of resources and management's attention.

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

The Group is subject to uninsured risks.

The Group does not maintain any property related insurance policies except the mandatory social insurance, which the Group believes to be in line with industry practice. As a result, the Group faces various operational risks in connection with its business, including but not limited to:

- mechanical production interruptions, electricity outages and equipment failure;
- operating limitations imposed by environmental or other regulatory requirements;
- 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.

If any of the foregoing circumstances occurred, the Group's business, financial condition, results of operations and cash flow may be materially and adversely affected.

The Group is exposed to risks relating to the collection of its investment in infrastructure agency projects.

The urban infrastructure construction business is one of the key business segments of the Group. In accordance with relevant governmental documents issued by Zhengzhou Municipal Investment and Financing Decision Management Committee (鄭州市投融資決策管理委員會), the infrastructure agency projects will be settled by the government upon the completion of the project, the acceptance of the completion and the audit of accounts. However, the government has not specified the method of settlement and there is no assurance of the time of payment, or at all. The Group's business operation will be materially and adversely affected if its investment could not be collected.

There is no assurance of the revenue from the Group's other non-current assets.

As at 31 December 2024, the other non-current assets amounted to approximately RMB24.2 billion, most of which were urban infrastructure assets. Revenue generated from these urban infrastructure assets is relatively limited and instable. In addition, there is no assurance that the Group will generate revenue from these assets in the future, which might materially and adversely affect the Group's business, financial condition, results of operations and debt service capability.

Failure to recruit and retain key managerial personnel, highly skilled employees and senior management and the occurrence of labour unrest may materially and adversely affect the Group's operations.

The success of the Group's business depends, to a large extent, on the strategic vision of the Company's board of directors (the "**Board of Directors**"), the continued service of key managerial personnel including directors and key senior executives and the ability to attract and retain highly skilled personnel. As the Group's business continues to grow, the Group's need to employ, train and retain additional suitable skilled and qualified employees increases accordingly. If the Group is not successful in recruiting, training or retaining its key managerial personnel or employees, its operations may be adversely affected.

In addition, any failure by employees to observe and perform their obligations under their service agreements, or any labour unrest and disruption to the operations of the Group which (coupled with any increase in labour costs resulting from such dispute) may have a material adverse effect on the Group's results of operations and profits. As at the date of this Offering Circular, to the knowledge of the Group, the Group had not experienced any labour disputes that could have a material adverse effect on its operation and performance. However, there can be no assurance that the Group will not experience such disputes in the future.

The full-fledged levy of value added tax on revenue from a comprehensive list of service sectors may subject the Group's revenue to a higher average tax rate.

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) issued on 23 March 2016 and implemented on 1 May 2016 ("**Circular 36**") by the Ministry of Finance and SAT, effective from 1 May 2016, PRC tax authorities have started imposing value added tax on revenue from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with value added tax for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of value added tax on revenue from construction, real estate, financial services and lifestyle services. The value added tax rates applicable to us may be generally higher than the business tax rate we were subject to prior to the implementation of Circular 36. For example, the value added tax rate for the sale of self-developed real estate projects will be increased from 5 per cent. (current value added tax rate) to 9 per cent. Unlike business tax, the value added tax will only be imposed on added value, which means the input tax incurred from our construction and real estate can be offset from our output tax. However, due to the particular nature of the business of the Group, the input tax credits for certain operations are difficult to fully offset, which may lead to an increase in the actual tax burden.

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

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in Zhengzhou, which is exposed to potential natural disasters such as flooding, landslides, mudslides and drought. If any of the Group's assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its revenue. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

In addition, severe and prolonged contagious disease outbreaks (such as the outbreak of COVID-19), could result in a widespread health crisis, and the business activities and operations in the affected regions operated by the Group could be severely affected. Furthermore, the Group's operations are highly focused in Zhengzhou, and any labour shortages, or slowdown in the growth of domestic consumption in Zhengzhou or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group.

The Group is exposed to risks relating to low assets liquidity.

The Group's business is primarily focused on land consolidation and urban infrastructure construction and the assets are mainly recorded as inventories. For the years ended 31 December 2022, 2023 and 2024, the Group's inventories amounted to approximately RMB35,530.4 million, RMB34,131.9 million and RMB33,478.0 million, respectively, representing approximately 21.7 per cent., 18.6 per cent. and 14.5 per cent., respectively, of the Group's total assets.

The Group's inventories mainly comprise development cost of the projects with comparatively poor liquidity. The Group's inventories may not be able to be sold for cash in an efficient manner if the business environment of the Group is materially and adversely affected. In addition, there is no assurance of the liquidity of the inventories and the Group's ability to sell these inventories to other third-parties on terms satisfactory to the Group. This may limit the Group's ability to respond to changing economic, financial and investment conditions.

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

Risks Relating to the Industries in which the Group Conducts its Businesses

The Group is subject to unique industry risks associated with the land consolidation business.

The land consolidation business of the Group, as one of its principal sources of revenue, contains unique risks inherently to the business, such as certain risks associated with demolition and resettlement. For the investment stream, land consolidation involves the preliminary demolition and relocation cost, as well as compensation costs, all of which would impact the revenue of the Group. For the economic and societal surroundings, land consolidation business thrives upon the development of municipal infrastructure construction scheme, which also largely depends on the overall economic development and governmental policies. These factors, all of which are out of the control of the Group, could impact the revenue of the Group. Economic cycles also play a role in the demand and supply of land, and will impact on the scale of land consolidation business and the collection of settlement fees.

The Group may face certain risks associated with demolition and resettlement under its land consolidation projects.

The Group conducts land consolidation projects which involve demolition and resettlement of existing residents under the authorisation of local government. While the Group pays the existing owners or residents relocation compensations with funds from the Zhengzhou Municipal Finance Bureau for undertaking such demolition and resettlement works, certain existing owners or residents may disagree with the compensation arrangements or refuse to relocate. The administrative process to settle the amount of compensation, together with any appeals, or refusals to relocate may significantly delay the timetable for the affected development and lead to an increase in demolition and resettlement costs associated with the Group's projects, which may materially and adversely affect its business, results of operation and financial condition.

The Group's business is partially dependent on the performance of the real estate market in the PRC and may be subject to a downturn in the future.

A portion of the Group's operating revenue come from its real estate development business. The performance of the property market will impact market needs for land, which will in turn affect governmental arrangement on land consolidation that will eventually takes influence on the performance of the Group. Therefore, the Group is partially dependent on the performance of the real estate market in the PRC. There can be no assurance that the demand for new properties in the regions where the Group operates or intends to expand will continue to grow or that prices will not deteriorate. In addition, fluctuations of supply and demand in the real estate market in the PRC are caused by economic, social, political, regulatory and other factors that are outside the Group's control. There is no assurance that there will not be over-supply of properties or a downturn in the relevant real estate markets. Any such over-supply or economic downturn may result in a slowdown in property sales or downward pressure on property prices regionally or nationwide. Any adverse development in the real estate market in the regions and cities in the PRC where the Group operates or may operate in the future (in particular in Zhengzhou) could have a material adverse effect on its business, financial condition and results of operations.

Increasing competition in Zhengzhou may adversely affect the Group's leading position in overall infrastructure construction and assets operation businesses.

In recent years, the competition in Zhengzhou infrastructure construction and assets operation industries has been increasing. In particular, the encouragement of social capital to participate into the area that previously only government related companies were allowed has increased the competition. The intensity of the competition among different enterprises in Zhengzhou for land, financing, raw materials and skilled management and labour resources may result in increased cost for infrastructure construction, a decrease in property prices and delays in the government approval process. An increasingly open market may advance the marketisation of the relevant business areas that the Group commands market power currently. If the Group cannot respond to changes in market conditions or react to changes in customer preferences more swiftly or effectively than its competitors, the Group's business, results of operations and financial condition could be adversely affected.

The Group's indemnificatory housing rental business may be dependent on the performance of the rental housing market.

The Group develops and leases rental housing in Zhengzhou. The Group's indemnificatory housing rental business may be dependent on the performance of the rental housing market in the PRC, in Zhengzhou in particular. The rental housing market in the PRC and in Zhengzhou may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of rental housing, availability of alternative choices for tenants, inflation, government policies, interest rates and availability of capital. In particular, the PRC rental housing market has been affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in the PRC. Factors such as decrease in available funds may influence demand for the rental housing the Group developed. Any downturn in the rental housing market in the PRC generally or in Zhengzhou may materially and adversely affect the Group's business, financial condition and results of operations.

The enforcement of regulations on land appreciation tax ("LAT") by the PRC tax authorities may materially and adversely affect the Group's profitability and cash flow.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) issued by the State Council and effective from 1 January 1994 and amended on 8 January 2011, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) issued by the MOF and effective from 27 January 1995, all entities and individuals receiving net profits from the sale or transfer of state-owned land use rights, buildings and their attached facilities are required to pay LAT, which is levied at progressive rates from 30 per cent. to 60 per cent. On 28 December 2006, the State Administration of Taxation ("**SAT**") issued the Notice in Relation to the Settlement of LAT levied on Real Estate Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知, the "**LAT Notice**"), which became effective on 1 February 2007. The LAT Notice sets forth, among other things, methods of calculating LAT and a time frame for settlement. According to the LAT Notice, local provincial tax authorities can formulate their own implementation rules. On 12 May 2009, the SAT issued the Provisions on Administration of the Settlement of Land Appreciation Tax (土地增值稅

清算管理規程), which became effective on 1 June 2009 and stipulates in detail the procedures for settlement of LAT and methods of calculating LAT. Governmental authorities shall not perform the procedure for changes in the proprietary rights for the taxpayers who fail to pay the LAT in accordance with these regulations, and taxpayer may be subject to enforcement and penalties under the Administration of Tax Collection of the PRC (中華人民共和國稅收徵管法).

Risks Relating to the Financial Information

Any public interest assets of the Group should not be taken into account when evaluating the Group's business, financial condition, results of operations and prospects.

According to the Circular 706, companies that plan to borrow medium and long-term foreign debt should be of good quality with clear ownership rights and public interest assets are prohibited from being included in corporate assets for the purposes of issuing medium and long-term foreign debt. Such public interest assets include public schools, public hospitals, cultural facilities, parks, public squares, office buildings of government departments and institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, no-charge pipe network facilities and other public interest assets and the usage rights of reserve land ("**Public Interest Assets**").

As at 31 December 2024, the Group held titles of certain assets that are to serve public functions ("**Public Function Assets**"). Title to these Public Function Assets were transferred to the Group from the Issuer's shareholder prior to the issue of the Circular 706 as a form of capital injection. The Group's Public Function Assets include roads, bridges and other infrastructure in Zhengzhou that the Group maintains and operates. From 2015 to 2016, the Group received various forms of subsidies for the maintenance and operation of such Public Function Assets. As at 31 December 2022, 2023 and 2024, such assets amounted to approximately RMB14,590.5 million, RMB14,590.5 million and RMB14,590.5 million, respectively, representing approximately 8.9 per cent., 7.9 per cent. and 6.3 per cent. of the Group's total assets, respectively, and approximately 23.6 per cent., 24.0 per cent. and 23.8 per cent. of the Group's net assets, respectively. For details, please see Note VIII (20) of the Notes to the Financial Statements of the 2023 Audited Consolidated Financial Statements and Note VIII (21) of the Notes to the Financial Statements of the 2024 Audited Consolidated Financial Statements.

As the enforcement of the Circular 706 involves uncertainties, there can be no assurance that the relevant government authorities would not treat the Group's Public Function Assets as Public Interest Assets, despite the fact the Group holds proper titles to such assets. The Group's Public Function Assets have not been excluded from the Group's Audited Financial Statements included in this Offering Circular, and potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Group's business, financial condition, results of operations and prospects. For the purposes of preparing the financial statements, the Group will continue to include all of its assets (including the Public Function Assets) in the financial statements in accordance with PRC GAAP. The Bondholders must exercise caution when evaluating the Group's business, financial condition, results of operations and prospects when reviewing the financial statements prepared by the Group.

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

The Group's financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP, which differs from IFRS in certain respects.

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

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

The Group publishes annual and semi-annual consolidated financial information in the PRC to satisfy its continuing disclosure obligations relating to its debt securities issued in the PRC according to applicable PRC regulations and rules of the stock exchanges or the markets on which the relevant securities are listed. The semi-annual consolidated financial information of the Group is derived from the Group's management accounts and is normally not audited or reviewed by independent auditors. Unless specifically included in this Offering Circular, such financial information does not form part of this Offering Circular and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information. Such financial information is not an indicator or representation of the Group's full year performance. The Group is not responsible to Bondholders for the financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

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

The Group's operating revenue 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 revenue and results of operations are also affected by the Group's ability to develop and complete infrastructure construction projects on time, as well as its accounting policies for revenue recognition. For the years ended 31 December 2022, 2023 and 2024, the Group's total operating revenue were approximately RMB8,991.3 million, RMB9,393.0 million and RMB9,760.4 million, respectively; the Group's total operating profit were approximately RMB602.7 million, RMB527.1 million and RMB709.3 million, respectively, for the same periods. The Group's operating revenue and results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future.

Certain accounting items in the Group's financial statements had been adjusted or restated and may not be consistent with or comparable to the financial information in the Group's consolidated financial statements for the previous periods.

The historical financial information of the Group is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies and/or applicable laws and regulations with retrospective impact on the financial reporting of the Group, correction of an error recorded in the previous period or to reflect the comments provided by their respective independent auditors during the course of their audit or review in subsequent financial periods. For example, certain financial information as at and for the year ended December 2023 of the Group has been adjusted in the 2024 Audited Consolidated Financial Statements due to correction of prior accounting errors. The Issuer did not retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2022 in the 2023 Audited Consolidated Financial Statements. As a result, certain consolidated financial information of the Issuer as at and for the year ended 31 December 2022 is not directly comparable to that as at and for the year ended 31 December 2023 or 2024. For details, please see "*Presentation of Financial Information*" and "*Notes to the Financial Statements — V. Description of Changes in Accounting Policies and Accounting Estimates and Correction of Errors*" to the 2024 Audited Consolidated Financial Statements.

In addition, MOF may promulgate new accounting standards or requirements in relation to financial statements which would affect the PRC GAAP and the Group's accounting policies, and the Issuer and/or its subsidiaries may change their accounting estimates accordingly, each of which may affect the presentation and comparability of the Group's financial statements. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the historical financial statements of the Group and that contained in its future financial statements. Potential investors should exercise caution when using such financial information to evaluate the Group's financial condition and results of operations.

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.

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP in recent years and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In addition, in December 2023, Moody's changed its outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. As a result of this change in the sovereign rating outlook, Moody's has placed a number of PRC issuers on credit watch and there is no guarantee that there will not be further similarly adverse ratings developments in the future.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

The International Monetary Fund's forecast for global economic growth is 3.2 per cent. in 2024 and 3.3 per cent. in 2025. However, there are a number of uncertainties ahead. The ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States have imposed and may further impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, the exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. These could include further falls in stock exchange indices, a fall in the value of the Pound sterling, an increase in exchange rates between the Pound sterling and the Euro and/or greater volatility of markets in general due to the increased uncertainty.

The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's businesses, financial condition and results of operations.

Economic growth in the PRC has also historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and international governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's businesses, financial condition or results of operations.

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.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's businesses and results of operations could be materially and adversely affected.

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

The Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions can be cited for reference but do not have precedential value. 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, existing laws and regulations may not cover all aspects of economic activities in the PRC. In particular, because many laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations can involve significant 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 and some of which may be enforced with a retroactive effect). In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention. It may also be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of a judgement by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Company's management.

The members of the Group are incorporated in the PRC, and the Group's assets are located in the PRC. In addition, the Company's directors, supervisors and members of its senior management reside within the PRC, and the assets of the Company's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Company's directors, supervisors and members of its senior management, including for matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Group or its directors, supervisors or members of its senior management in the PRC.

Government control of currency conversion may adversely affect the value of investors' investments.

The Group's operating revenue are denominated in Renminbi, which is also its reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including payments on the Bonds. However, the PRC government may at its discretion restrict future access to foreign currencies for current account transactions. If this were to occur, the Group might not be able to make payments in foreign currencies, which may include payments to the holders of the Bonds. On the other hand, foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The payment of dividends by the Company's subsidiaries and associates in the PRC is subject to restrictions under PRC laws.

PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC laws require enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for a current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Group's operations and to service its indebtedness partly depends upon dividends received from its subsidiaries and associates, any legal restrictions on the availability and usage of dividend payments from the Company's subsidiaries and associates may impact the Group's ability to fund its operations and to service its indebtedness.

The implementation of PRC employment regulations may increase labour costs in the PRC generally.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, an employer is required to make a payment, to a fixed-term contract employee when the term of their employment contract expires, equal to the employee's monthly salary multiplied by the number of full years that the employee has worked for the employer, unless the employee does not agree to renew the contract on terms the same as or better than those in the current employment contract. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 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 waived. As a result of the PRC Labour Contract Law and the Regulations on Paid Annual Leave for Employees the Company's labour costs (inclusive of those incurred by contractors) may increase. Furthermore, under the PRC Labour Contract Law, not only must an employer compensate a terminated employee based on their length of service as described above, but in addition the employer may not be able to efficiently terminate non-fixed-term employment contracts without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs are likely to increase. In such circumstances, its profit margin may decrease and its 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 raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

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

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

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

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not take a view that is contrary to the opinion of the Issuer.

According to Stamp Duty Law of the PRC (中華人民共和國印花稅法) promulgated by SCNPC on 10 June 2021 and implemented on 1 July 2022 and its implementation rules, enterprises or individuals which have written taxable certificates and conducted securities transactions within the PRC are subject to stamp duty and shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments. Issuance and transfer of debt instruments (other than loan contract entered into with a financial institution) will not be imposed upon stamp duty in accordance with PRC laws as at the effective date hereto (for so long as the register of Bondholders is maintained outside the PRC).

However, as there is no specific regulations or guidelines relating to the taxation of the issuance of foreign debt securities, there can be no assurance that the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or conclusion or use of any other taxable instruments in the PRC and thus subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. If the issuance or transfer of the Bonds is treated as the same as the entry into a loan contract, or conclusion or use of any other taxable instruments in the PRC, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e. the investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance or transfer of the Bonds (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders.

The taxation authorities may impose a fine if a person subject to such PRC stamp duty is found to have failed to attach, or have attached insufficient number of stamps to a taxable instrument. The taxation authority, in addition to ordering such person to attach the appropriate number of stamps, may impose a fine of up to 20 times the amount of stamp duty payable, depending on the seriousness of the individual case. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

Risks Relating to the Bonds

Neither the Zhengzhou Municipal Government nor any other PRC governmental entity is obligated to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder.

The Issuer is directly controlled and owned by Zhengzhou SASAC as its registered controlling shareholder. Similar to other companies beneficially controlled by the PRC government, the Issuer may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Company becomes financially distressed. However, neither the Zhengzhou Municipal Government nor any other PRC governmental entity is under any obligation to pay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder. This position has been reinforced by the Circular 23 and the Circular 706. Additionally, on 6 June 2019, the NDRC issued Circular 666, which restated Circular 706's supervision requirement. According to the circulars mentioned above, local state-owned enterprises shall assume the responsibility of repaying foreign debts as independent legal persons, while local governments and departments thereof shall not directly repay or undertake to repay the foreign debts of local state-owned enterprises with fiscal funds, nor shall they provide guarantee for the issuance of foreign debts by local state-owned enterprises. Local state-owned enterprises that issue foreign debts shall strengthen information disclosure. In documents such as the Bond prospectus, it is strictly prohibited to contain misleading promotional information that may be linked to government credit.

The PRC government and the Zhengzhou Municipal Government have no obligation to pay any amount under the Bonds. Investments in the Bonds are relying on the credit risk of the Issuer. As a result, no financial support from the Zhengzhou Municipal Government nor any other the PRC governmental entity may materialise. The Zhengzhou Municipal Government only has limited liability in the form of its equity contribution in the Issuer, and the Bonds are to be repaid solely by the Issuer and the obligations of the Issuer under the Bonds and the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. If the Issuer does not fulfil its obligations under the Bonds or the Trust Deed, the Bondholders will only have recourse against the Issuer, but not the Zhengzhou Municipal Government or any other PRC governmental entity. Investors should base their investment decision on the financial condition of 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.

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed time frame in relation to the Bonds may have adverse consequences for the Issuer and/or the investors in the Bonds.

On 5 January 2023, the NDRC published the Administrative Measures for the Review and Registration of Medium-to Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(中華人民共和

國國家發展和改革委員會令第56號）), which applies to medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises. The Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 10 February 2025 evidencing such registration. The Issuer undertakes to complete the NDRC Post-issue Filing within the prescribed time period after the Issue Date according to the NDRC Administrative Measures, file or cause to be filed with the NDRC other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Administrative Measures and comply with all applicable laws, rules and regulations in relation to the Bonds. For any enterprise failing to comply with filing and reporting requirements under the NDRC Administrative Measures, the NDRC will order such enterprise to take rectification actions within a prescribed time limit. If the circumstances are severe or the enterprise fails to take rectification action within the prescribed time limit, the NDRC may give a warning to the relevant enterprise and its principal liable person. Furthermore, conducts in violation of the NDRC Administrative Measures committed by enterprises will be publicized 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). The NDRC Administrative Measures will be subject to interpretation and application by the relevant PRC authorities, and it remains unclear what impact non-compliance will have on the Bonds. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

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

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**SAFE Measures**") issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, and the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Overall 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) (the "**PBOC Circular**") issued by PBOC on 12 January 2017, which came into effect on the same day, and the SAFE Operating Guidelines for Foreign Exchange Business under the Capital Account (2024 Version) (資本項目外匯業務指引（2024年版）) issued by the PBOC, the Issuer shall complete the registration with SAFE in respect of the issue of the Bonds, and file or cause to be filed with SAFE the requisite information and documents within the prescribed timeframe after the Issue Date. Upon completion, the Issuer shall obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) within the prescribed timeframe. 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 offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the SAFE Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council of the PRC in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the 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. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the day falling 120 calendar days after the Issue Date.

If the Issuer is unable to complete such registration within the prescribed time period, an event of default under the Bonds would occur and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. However, notwithstanding any enforcement action pursuant to the Terms and Conditions, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The Bonds are unsecured obligations.

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

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

- there is a default in payment under the Issuer's 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 and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

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

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement came into effect on 29 January 2024, and applies to judgments made on or after such effective date. Under the 2019 Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

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

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

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

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

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

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

The Bonds may not be a suitable investment for all investors seeking exposure to green or social assets or assets with sustainability characteristics.

The Group has developed the Sustainable Finance Framework and intends to adopt certain obligations with respect to the issue of the Bonds as described in the section headed "*Sustainable Finance Framework Overview*". The Issuer intends to issue the Bonds for refinancing medium-term or long-term offshore indebtedness of the Group in accordance with the NDRC Certificate and the Sustainable Finance Framework. The Group cannot guarantee that it will be able to comply with the obligations as set out in the Sustainable Finance Framework.

The Group has engaged Sustainable Fitch Limited ("**Sustainable Fitch**"), an independent firm that specialises in rating environmental and corporate governance performance, to review the Sustainable Finance Framework and to provide a second-party opinion (the "**SPO**") on the Sustainable Finance Framework and confirm the alignment with the various principles described in the *"Sustainable Finance Framework Overview"*. The criteria for Sustainable Fitch's procedures align with the Green Bond Principles 2021, the Social Bond Principles 2023 and the Sustainability Bond Guidelines 2021 by the International Capital Market Association, and the Green Loan Principles 2025 and the Social Loan Principles 2025 by the Loan Market Association, Loan Syndications and Trading Association and Asia Pacific Loan Market Association or as they may be subsequently updated. The SPO provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Bonds, including without limitation market price, marketability, investor preference or suitability of any security. The SPO is not incorporated into, and does not form part of, this Offering Circular. Furthermore, the SPO is for information purposes only and Sustainable Fitch does not accept any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in them. None of the Issuer, the Joint Sustainable

Structure Advisors, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them accepts any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/ or the information provided in it.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", "social", "sustainable" or "environmental", and therefore no assurance can be provided to potential investors that the eligible projects as described in the Sustainable Finance Framework will continue to meet the relevant eligibility criteria. Although eligible projects are expected to be selected in accordance with the categories described in the Sustainable Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such projects/assets. Where any negative impacts are insufficiently mitigated, projects/assets may become controversial, and/or may be criticised by activist groups or other stakeholders.

While the Issuer has agreed to certain obligations relating to use of proceeds and reporting as described under the sections headed "*Use of Proceeds*" and "*Sustainable Finance Framework Overview*" of this Offering Circular, it would not be an Event of Default under the Terms and Conditions if (i) the Issuer were to fail to comply with such obligations or were to fail to use an amount equal to the net proceeds of the issue of the Bonds in accordance with the Sustainable Finance Framework and/or (ii) the SPO and/or any other certification were to be withdrawn. Any failure to use the proceeds in connection with such eligible projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in sustainable projects. In the event that the Bonds are included in any dedicated "green", "social", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green or social assets or assets with sustainability characteristics.

None of the Issuer, the Joint Sustainable Structure Advisors, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation as to the suitability or reliability for any purpose of the SPO or any other certification or whether the Bonds fulfil, in whole or in part, the relevant environmental and social criteria or any present or future investor expectations or requirements. None of the Issuer, the Joint Sustainable Structure Advisors, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation as to (i) whether the Bonds will meet investor criteria and expectations with regard to environmental impact, social impact and sustainability performance for any investors, (ii) whether the use of the net proceeds will be used for the eligible projects in accordance with the criteria described in the Sustainable Finance Framework or (iii) the characteristics of the eligible projects, including their environmental, social and sustainability criteria. Each prospective investor of the Bonds should determine for itself the relevance of the information contained in the Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary. The information in the Sustainable Finance Framework and the SPO has not been verified. The Sustainable Finance Framework, the SPO or any of the above reports or verification assessments are not incorporated in, or do not form part of, this Offering Circular and should not be relied upon in connection with making any investment decision with respect to the Bonds.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds which may reduce the liquidity of the Bonds in the secondary trading market and such investors may have certain influence on matters voted on by holders of the Bonds. None of the Managers is obligated to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

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

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Change of Control Event or a No Registration Event (each as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control

Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase*". On the Maturity Date or if any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in any such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

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

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments 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 or 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 laws. The Issuer's subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

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

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

The Issuer is incorporated under the laws of the PRC. Any insolvency proceeding relating to the Issuer would likely involve insolvency laws of the PRC, 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. There is no assurance that investors in the Bonds will be able to receive the same level of protection under the insolvency laws of the PRC as those in their respective home jurisdictions.

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, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

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

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

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

The Terms and Conditions also provide that the Trustee may, without the consent of the Bondholders, agree (i) to any modification of the Terms and Conditions or any of the provisions of the Trust Deed and the Agency Agreement (except as mentioned in the Trust Deed) and waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of the Terms and Conditions or any of the provisions of the Trust Deed which in its opinion is not materially prejudicial to the interests of the Bondholders and (ii) to any modification of the Terms and Conditions or any provisions of the Trust Deed and the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law. See "*Terms and Conditions of the Bonds — Meetings of Bondholders, Modification, Waiver, Authorisation, Determination and Entitlement of Trustee*".

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

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

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non- resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. As Bonds will be held in the Clearing System, it is not possible to ascertain the jurisdiction of the Bondholders.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which was promulgated on 10 September 1980 and amended on 31 August 2018, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. The interpretation and enforcement of Circular 36 together with other laws and regulations pertaining to VAT involve uncertainties.

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

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

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

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their accountholders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

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

The ratings assigned to the Bonds may be downgraded or withdrawn in the future.

The Bonds are expected to be assigned a rating of "BBB+" by Fitch. The rating represents only the opinion of the rating agency and its assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement (each as defined in the Terms and Conditions) and credit risks in determining the likelihood that payments will be made when due under the Bonds. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

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 securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them, the timing for making and completing the Foreign Debt Registration and the NDRC Post-issue Filing (each as defined in the Terms and Conditions) and for making the subsequent notifications to the Trustee and the Bondholders (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

EXCHANGE RATES

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar to allow the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. 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 2016 Renminbi experienced significant depreciation in value against the U.S. dollar but in 2017 and 2018 rebounded and appreciated significantly against the U.S. dollar. In August 2019, the PBOC on 5 August 2019 set the Renminbi's daily reference rate below 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of the Renminbi against the U.S. dollar. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

The following table sets out information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

Period	Exchange Rate			
	Period End	Average[(1)]	High	Low
	(RMB per US$1.00)			
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7290	7.3048	6.3084
2023	7.0999	7.0896	7.3430	6.7010
2024	7.2993	7.1957	7.2993	7.0106
2025				
January	7.2422	7.2957	7.3326	7.2422
February	7.2828	7.2734	7.3088	7.2422
March	7.2567	7.2493	7.2843	7.2273
April	7.2706	7.2968	7.3499	7.2675
May	7.1991	7.2166	7.2706	7.1798
June	7.1636	7.1804	7.1975	7.1636
July (through 25 July)	7.1679	7.1712	7.1832	7.1541

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rates of the relevant periods in 2024 and 2025, which are determined by averaging the daily rates during the periods indicated.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 31 December 2024 (i) on an actual basis and (ii) as adjusted to give effect to the issue of the July 2025 Bonds, the Bonds and the Proposed USD Bonds, before deducting fees and commissions and other estimated expenses payable in connection therewith.

The information below should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto:

	As at 31 December 2024			
	Actual		As adjusted	
	(RMB in millions) (Audited)	(U.S.$)[1] (Unaudited)	(RMB in millions) (Unaudited)	(U.S.$)[1] (Unaudited)
Short-term indebtedness				
Short-term borrowings	2,259.5	309.6	2,259.5	309.6
Current portion of non-current liabilities[2]	19,214.0	2,632.3	19,214.0	2,632.3
Total short-term indebtedness	**21,473.5**	**2,941.9**	**21,473.5**	**2,941.9**
Long-term indebtedness				
Long-term borrowings	47,316.3	6,482.3	47,316.3	6,482.3
Bonds payable	28,535.0	3,909.3	28,535.0	3,909.3
Long-term payables (Financial leasing)	1,693.0	231.9	1,693.0	231.9
The July 2025 Bonds	–	–	1,000.0	137.0
The Proposed CNY Bonds	–	–	1,000.0	137.0
Bonds to be issued[3]	–	–	1,532.9	210.0
Total long-term indebtedness	**77,544.3**	**10,623.5**	**81,077.2**	**11,107.5**
Total indebtedness[4]	**99,017.8**	**13,565.4**	**102,550.7**	**14,049.4**
Total shareholders' equity	61,251.0	8,391.4	61,251.0	8,391.4
Total capitalisation[5]	**160,268.8**	**21,956.8**	**163,801.7**	**22,440.8**

Notes:

(1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB7.2993 to US$1.00 on 31 December 2024 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) This amount equals the sum of long-term borrowings due within one year, bonds payable due within one year and long-term payables (financial leasing) due within one year.

(3) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting fees and commissions and other estimated expenses payable in connection with the offering of the Bonds.

(4) Total indebtedness equals the sum of total short-term indebtedness and total long-term indebtedness.

(5) Total capitalisation equals the sum of total indebtedness and total owner's equity.

The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt. Since 31 December 2024, the Group has incurred indebtedness to replenish its working capital to finance and refinance its business development and for other general corporate purposes. See "*Business — Recent Developments*" and "*Summary — Recent Developments*" for details.

Except as otherwise disclosed in this Offering Circular under "*Business — Recent Developments*" and "*Summary — Recent Developments*", there has been no material change in the total capitalisation and indebtedness of the Group since 31 December 2024.

TERMS AND CONDITIONS OF THE BONDS

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

The U.S.$210,000,000 4.60 per cent. sustainable bonds due 2028 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated into and forming a single series with the Bonds) of Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司) (the "**Issuer**") are constituted by a trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated 14 August 2025 made between the Issuer and CNCBI Trustee Limited (the "**Trustee**", which expression shall, where the context so permits, include its successor(s)) as trustee for the Bondholders (as defined below). The statements in these Conditions (as defined below) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed.

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 21 October 2024 and approved by the Zhengzhou City SASAC (as defined in Condition 6(c) below) on 8 May 2025.

The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated 14 August 2025 made between the Issuer, the Trustee, China CITIC Bank International Limited as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and any other Agents appointed thereunder. For as long as any Bond is 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. to 3:00 p.m. (Hong Kong time)) on any weekday (Saturdays, Sundays and public holidays excepted) by the Bondholders at the principal office for the time being of the Trustee, being on the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the specified office of the Principal Paying Agent following prior written request and proof of holding satisfactory to the Trustee or, as the case may be, the Principal Paying Agent. References herein to "**Paying Agents**" include the Principal Paying Agent and any other paying agents appointed from time to time with respect to the Bonds, references herein to "**Transfer Agents**" include the Transfer Agent, and references to "**Agents**" mean the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time under the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and 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, Specified Denomination and Title

The Bonds are issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each a "**Specified Denomination**"). The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same Holder (as defined below).

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) 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**" or, in respect of any Bond, "**Holder**" means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

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

2. Status

The Bonds constitute direct, unconditional, unsubordinated 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 its other present and future unsecured and unsubordinated obligations.

3. Transfers of Bonds and Issue of Certificates

(a) Register

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

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a Bond may be transferred in whole or in part by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate (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 signed by the Holder or his attorney duly authorised in writing, at the specified office of the Registrar or any Transfer Agent together with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

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 not be less than the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall not be less than the Specified

Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register. A Bond may not be transferred unless the principal amount of such Bonds to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bonds not being transferred are equal to or more than a Specified Denomination.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of such other evidence required by the Registrar or the relevant Transfer Agent pursuant to Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and 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 sent 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 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described in the Global Certificate, owners of interests in 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.

(d) Formalities Free of Charge

Registration of transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any taxes or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its sole and absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the Regulations (as defined in Condition 3(f) below) concerning transfer of Bonds have been complied with.

(e) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)); or (iii) after a Tax Redemption Notice (as defined in Conditions 6(b)) has been given pursuant to Condition 6(b); or (iv) after Put Exercise Notice (as defined in Conditions 6(c)) in respect of such Bond has been deposited by such Holder pursuant to Condition 6(c).

(f) ***Regulations***

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds (the "**Regulations**"), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Holder for inspection during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Registrar following prior written request and proof of holding and identity satisfactory to the Registrar. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(b) ***Foreign Debt Registration***

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as of 13 May 2013 and as amended, and its operating guidelines, reports, certificates or guidelines as issued by SAFE from time to time, and the Circular of the People's Bank of China on Matters Concerning Macro-prudential Management on Overall 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)), effective as of 12 January 2017, the SAFE Operating Guidelines for Foreign Exchange Business under the Capital Account (2024 Version) (資本項目外匯業務指引(2024年版)) (the "**Foreign Debt Registration**"); and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline.

(c) ***NDRC Post-issue Filing***

The Issuer undertakes that it will (i) within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Administration Measures for the Examination 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 with effect from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Administrative Measures**") (the "**NDRC Post-issue Filing**"); (ii) file or cause to be filed with the NDRC other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Administrative Measures; and (iii) comply with all applicable PRC laws, rules and regulations in relation to the Bonds (including without limitation the NDRC Administrative Measures).

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

The Issuer shall before the Registration Deadline and within 10 Registration Business Days after the later of submission of the NDRC Post-issue Filing and receipt of the registration certificate (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE, provide the Trustee with (i) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration; and (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any) and the Foreign Debt Registration, each certified in English by an Authorised Signatory as a true and complete copy of the original (the items specified in (i) and (ii) together, the "**Registration Documents**"). In addition, the Issuer shall, within 10 Registration Business Days after the 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 and the Foreign Debt Registration.

The Trustee and the Agents shall have no obligation or duty (A) to monitor or ensure or assist with the NDRC Post-issue Filing or the Foreign Debt Registration on or before the deadline referred to above or (B) to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations, information or documents in relation to or in connection with the Foreign Debt Registration, the NDRC Post-issue Filing and/or the Registration Documents or (C) to translate or procure that any Registration Document or any other certificate, confirmation, information or document not in English is translated into English or, if any English translation of any document is provided or retained, to verify the accuracy or completeness of any English translation of any Registration Document or any other certificate, confirmation, information or document, or (D) to give notice to the Bondholders confirming the completion of the Foreign Debt Registration and the NDRC Post-issue Filing, and the Trustee shall not be liable to the Issuer, the Bondholders or any other person for not doing so. The Trustee may rely on the Registration Documents conclusively without further enquiry, investigation or liability to any Bondholder or any other person for the accuracy, content, completeness, validity and/or genuineness of any matters or facts stated therein.

(e) ***Compliance Certificate and Financial Information***

So long as any Bond remains outstanding, the Issuer will furnish the Trustee with (A) a Compliance Certificate (on which the Trustee may conclusively rely, without liability, as to such compliance) and a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; (B) a copy of the Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; and (C) a Compliance Certificate (on which the Trustee may conclusively rely, without liability, as to such compliance) within 14 days of any written request therefor from the Trustee.

The Trustee shall be entitled to rely conclusively upon each Compliance Certificate given as contemplated in these Conditions and in the Trust Deed, and shall not be liable to the Issuer, any Bondholder or any other person for so relying upon such certificates.

The Trustee and the Agents may rely conclusively on the translation of any financial reports provided under this Condition 4(e) and assume that the same is a true, complete and accurate translation of such financial reports. None of the Trustee or the Agents shall be responsible to translate, or to procure the translation of, or to verify the accuracy or completeness of the translation of, any financial reports (including any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to such financial reports or intended to be read with any of them), and none of them shall be liable to the Issuer, any Bondholder or any other person for not doing so.

(f) Ratings

For so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will maintain a rating on the Bonds by at least one Rating Agency.

(g) Definitions

In these Conditions:

"**Audited Financial Reports**" means, for a Relevant Period, the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

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

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

(i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer has complied with all its covenants and obligations under the Trust Deed and the Bonds or, if non- compliance had occurred, giving details of it;

"**Issue Date**" means 14 August 2025;

"**NDRC**" means the National Development and Reform Commission of the PRC or any of its local counterparts;

"**person**" means any individual, company, corporation, firm, partnership, limited liability company, undertaking, joint venture, association, trust, unincorporated organisation or government or any agency or political subdivision thereof;

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

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

"**Rating Agency**" means (i) Fitch Ratings, Inc. and its successors, (ii) S&P Global Ratings and its successors, (iii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors, or (iv) if none of S&P, Fitch or Moody's shall make a rating of the Bonds publicly available, the Issuer shall select and substitute them with any other reputable credit rating agency of international standing;

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

"**Registration Deadline**" means the day falling 120 calendar days after the Issue Date;

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

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

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

"**Subsidiary**" means, with respect to any person, (a) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person; or (b) any corporation, association 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;

"**Unaudited Financial Reports**" means, for a Relevant Period, the semi-annual unaudited and unreviewed consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in owners' equity of the Issuer together with any statements, reports and notes attached to or intended to be read with any of them, if any; and

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

5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.60 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$23.0 per Calculation Amount (as defined below) on 14 February and 14 August in each year (each an "**Interest Payment Date**"), commencing on 14 February 2026.

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

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

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 14 August 2028 (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 (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued up 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 provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 August 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an 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 upon such certificate and opinion (without further investigation or query and without liability to the Holders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders.

None of the Trustee or the Agents shall be responsible for monitoring or taking any steps to ascertain whether any change or amendment mentioned in this Condition 6(b) has occurred or may occur for calculating or verifying the calculations of any amount payable under any Tax Redemption Notice under this Condition 6(b) and none of them shall be liable to the Bondholders or the Issuer or any other person for not doing so.

(c) Redemption for Relevant Events

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

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control Event) or the tenth 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.

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

(i) the Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control Event or 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 that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and

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

For the purpose of these Conditions:

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

(i) (a) the Zhengzhou City SASAC, (b) the Zhengzhou Municipal Government and (c) any other Person Controlled by the PRC government or any of its local counterpart together ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into any other Person or Persons other than (a) the Zhengzhou City SASAC, (b) the Zhengzhou Municipal Government or (c) any other Person Controlled by the PRC government or any of its local counterpart or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons;

"**Control**" means (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove all or the majority of the members of the relevant Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

a "**No Registration Event**" occurs when the Registration 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) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries;

"**Registration Conditions**" means the receipt by the Trustee of the Registration Documents relating to the Foreign Debt Registration as set forth in Condition 4(d);

a "**Relevant Event**" will be deemed to occur if:

(i) there is a No Registration Event; or

(ii) there is a Change of Control Event; and

"**Zhengzhou City SASAC**" means the State-owned Assets Supervision and Administration Commission of the People's Government of Zhengzhou City, Henan Province of the PRC (中華人民共和國河南省鄭州市人民政府國有資產監督管理委員會) or its successor.

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which would lead to a Relevant Event has occurred or may occur and none of them shall be liable to Holders, the Issuer or any other person for not doing so. Neither the Agents nor the Trustee shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any Registration Documents or any documents in relation to or in connection with any Relevant Event and shall not be liable to Holders, the Issuer or any other person for not doing so.

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

(d) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(e) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be liable to Holders, the Issuer or any other person for not doing so.

(f) Cancellation

All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer or any of its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. The Bonds represented by 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 Principal Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a) below.

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the Holder. For the purposes of this Condition 7(a), a Holder's "**registered account**" means the U.S. dollar-denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

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

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

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

(d) ***Appointment of Agents:*** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, **provided that** the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent 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 banks and foreign exchange markets are generally open for business in (i) New York City and Hong Kong, (ii) the place in which the specified office of the Principal Paying Agent is located and (iii) in the case of payment against presentation or surrender of a Certificate to a Paying Agent other than the Principal Paying Agent, the place in which the specified office of such Paying Agent is located.

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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 7 August 2025 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) **Other connection**: to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

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

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

Neither the Trustee nor any Agent shall be responsible or liable for paying any present or future tax, duty, assessments, charges, withholding, deduction or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Holders or any other person to pay such tax, duty, assessments, charges, withholding, deduction or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, assessments, charges, withholding or other payment imposed by or in any jurisdiction.

9. Events of Default

If an Event of Default (as defined below) occurs the Trustee at its sole and absolute discretion may, and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction, give written 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 but unpaid interest.

An "**Event of Default**" occurs if:

(a) **Non-Payment**: there has been a failure to pay (i) the principal or premium (if any) of any of the Bonds when due or (ii) any interest on any of the Bonds when due within 14 calendar days of the due date for payment thereof; 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 (other than those obligations the breach of which would give rise to the occurrence of the No Registration Event), and such default (i) is, in the opinion of the Trustee, incapable of remedy or, (ii) is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness 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.$40,000,000 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 the whole or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and 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 on the whole or any material part of the assets of the Issuer or the relevant Principal Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and 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 a material 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 a material 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 the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer 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 any part of the undertaking, assets or 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 any part of its undertaking, assets or revenues, in each case of (i) and (ii), which individually or in aggregate would have a material adverse impact on the ability of the Issuer to perform its obligation under the Bonds and the Trust Deed; 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 and the PRC is not taken, fulfilled or done; or

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

(k) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(a) to 9(j) (both inclusive).

In this Condition 9:

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement is at least five per cent. of the consolidated total revenue as shown by the latest audited income statement of the Issuer and its consolidated Subsidiaries;

(ii) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement is at least five per cent. of the consolidated net profit as shown by the latest audited income statement of the Issuer and its consolidated Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of net profit of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets as shown by the latest audited balance sheet of the Issuer and its consolidated Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustments for minority interests; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, **provided that** (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first 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 (i), (ii) or (iii) above of this definition,

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

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

(2) if at any relevant time in relation to the Issuer or any Subsidiary no financial statements are prepared and audited, the total revenue, net profit or total assets of the Issuer and/or any such Subsidiary (consolidated, if appropriate) shall be determined on the basis of *pro forma* financial statements (consolidated, if appropriate) prepared for this purpose by the Issuer; and

(3) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (1) 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 appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

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

10. Prescription

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

12. Meetings of Bondholders, Modification, Waiver, Authorisation, Determination and Entitlement of Trustee

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such 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 Bondholders 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 and/or an Electronic Consent will be binding on all Bondholders, whether or not they participated in such written resolution and/or such Electronic Consent.

(b) Modification, Waiver, Authorisation and Determination

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

The Trustee may request, and may conclusively rely upon, any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning compliance with the above conditions in respect of any such modification, authorisation, waiver, amendment, supplement and/or replacement.

(c) ***Entitlement of the Trustee***

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and no Bondholder shall be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. Enforcement

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

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

14. Indemnification of the Trustee

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

Neither of the Trustee nor 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, direction or request of the Bondholders. The Trustee shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or to monitor whether an Event of Default, a Potential Event of Default, a Relevant Event or any event which could lead to the occurrence of any Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so. None of the Trustee or any of the Agents shall be responsible for the performance (financial or otherwise) by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution or clarifications of any directions, and the Trustee shall be entitled to rely on any such direction or clarification (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds) and shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of any directions or in the event that no such directions are received.

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

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

15. Further Issues

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

16. Notices

Notices to the Bondholders shall be sent 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, a Sunday or a public holiday) after the date of sending. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the second day after being sent or, as the case may be, on the date of such publication or, if published more than once, on the first date on which publication is made.

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

17. Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

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

(c) ***Agent for Service of Process***

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably appointed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds. If for any reason the Issuer ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and will notify the Trustee of such appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) ***Waiver of Immunity***

The Issuer has waived in the Trust Deed and the Agency Agreement any right to claim sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented in the Trust Deed and the Agency Agreement to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions set out in this Offering Circular have the meaning in the paragraphs below.

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

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either Euroclear or Clearstream or any other clearing system 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.

Individual definitive certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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 holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payment

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means Monday to Friday, inclusive except 25 December and 1 January.

Calculation of Interest

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

Notices

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

Meetings

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

Bondholder's Redemption

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

Issuer's Redemption

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

Transfers

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

Cancellation

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

Trustee's Powers

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

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$210.0 million. The Issuer intends to use the net proceeds (after deducting the fees and commissions and other estimated expenses payable in connection with this offering) for refinancing medium-term or long-term offshore indebtedness of the Group in accordance with the NDRC Certificate and the Sustainable Finance Framework.

SUSTAINABLE FINANCE FRAMEWORK OVERVIEW

This Sustainable Finance Framework has been developed to demonstrate how the Group intends to enter into Sustainable Financing Transactions ("**SFT**") to fund new and/or existing projects with environmental or social benefits in alignment with:

- The Green Bond Principles 2021, International Capital Market Association (ICMA)
- The Social Bond Principles 2023, International Capital Market Association (ICMA)
- The Sustainability Bond Guidelines 2021, International Capital Market Association (ICMA)
- Green Loan Principles 2025, Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA)
- Social Loan Principles 2025, Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA)
- China Green Bond Endorsed Projects Catalogue (PBOC, NDRC, CSRC)

The Group has developed a Sustainable Finance Framework under which it plans to commit investment on Eligible Projects, or finance and/or refinance Eligible Projects with a look-back period of no longer than 36 months as defined below.

Use of Proceeds

The proceeds of each SFT, or the corresponding committed investment, will be exclusively used for the construction, financing or the refinancing of Eligible Projects, including without limitation, the refinancing of existing debt in relation to such projects. Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance.

Eligible Sustainable Projects Categories	UNSDG Alignment	Environmental and social objectives	Example of Eligible Green Projects	Description & Benefits
1.1 Eligible Green Projects				
Sustainable Water and Waste Water Management	 	To protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	**<u>Constructions in relation to:</u>** • Sponge city, which refers to an urban development mode that achieves natural accumulation, natural infiltration and natural purification by strengthening urban planning, construction and management, giving full play to the rainwater absorption, storage, infiltration and slow-release functions of buildings, roads, green spaces, water systems and other ecosystems, effectively controlling water runoff; and • By utilizing generalized sunken green spaces (including rain gardens, bioretention zones, constructed wetlands, and dry/wet ponds), permeable pavements, green roofs, and other facilities, a sponge city system will be established by the Group covering the main water areas of Zhengzhou City.	• Through sponge city development, comprehensive measures including 'infiltration, retention, storage, purification, reuse, and drainage' will be implemented to minimize the ecological impact of urban construction. The goal is to locally absorb and utilize 70% of rainfall, with an annual runoff volume control rate exceeding 75% in the planned area.

Eligible Sustainable Projects Categories	UNSDG Alignment	Environmental and social objectives	Example of Eligible Green Projects	Description & Benefits
Terrestrial and Aquatic Biodiversity Conservation	11 SUSTAINABLE CITIES AND COMMUNITIES	To reduce the degradation of natural habitats, halt the loss of biodiversity	**Constructions in relation to:** • The greening and ecological landscape alongside both banks of the Jialu River which will enhance its ecological service functions, providing an optimal habitat for birds and aquatic organisms.	• While preserving existing tree species to the greatest extent and prioritizing native plants, the project has achieved a total greening area of 872.26 hectares. Notably, the construction of 12 parks (covering approximately 301 hectares) and 12 botanical gardens (spanning approximately 122.05 hectares) has established ecological corridors to safeguard biodiversity.
Green Buildings		To save energy through sustainable design and to reduce carbon emissions while enhancing indoor environmental health and public accessibility	**Constructions in relation to:** • Development, construction, refurbishment, maintenance, operations of buildings (including the factories) that meet the following regionally, nationally or internationally recognized standards for environmental performance: – *PRC Green Building Evaluation Standard – GB/T50378-2019* – *Evaluation standard for green industrial building – GB50878-2013* – *Design Standard for Energy Conservation of Public Buildings – GB50189-2015* • Buildings with green building rating according to national and local policies (such as the "Notice of the General Office of the Zhengzhou Municipal People's Government on Further Promoting the Development of Green Buildings" (《鄭州市人民政府辦公廳關於進一步推進綠色建築發展的通知》).	• Location: The location of the project will be approved by the planning department authority in accordance with national laws and regulations to avoid construction in protected areas; • In order to offset negative impacts on environment, the Group will adopt the following measures: – Use of permeable ground which would enhance the water permeability of the ground and reduce the heat island effect. – Light pollution control to avoid large glass curtain walls. – Adoption of high-efficiency light source and lighting intelligent system to achieve the purpose of energy saving. – Adoption of water-saving irrigation and water-saving appliances, and use of simple decorative components to save material resources. – Sound insulation and noise reduction. For buildings adjacent to major traffic roads, effective sound insulation and noise reduction measures should be taken.

Eligible Sustainable Projects Categories	UNSDG Alignment	Environmental and social objectives	Example of Eligible Green Projects	Description & Benefits
1.2 Eligible Social Projects				
Affordable Housing	1 NO POVERTY 11 SUSTAINABLE CITIES AND COMMUNITIES	To provide affordable housing to vulnerable groups	<u>**Provide affordable housing**</u> • Basic housing security is provided for socially vulnerable groups such as new urban residents and young people. • With government subsidies, the rents do not exceed 90% of the market rate for comparable properties in the same area.	• Government-subsidized rental housing primarily addresses the housing difficulties of eligible groups such as new urban residents and young people. These units are predominantly small-sized apartments with a floor area of no more than 70 square meters, and their rent is set below the market rate for comparable properties in the same location. • The specific eligibility criteria, exit conditions, and exact unit sizes are determined by municipal governments based on the principle of meeting basic housing needs. Importantly, government-subsidized rental housing cannot be sold or disguised as commercial property. • To support this initiative, the government provides land, fiscal, tax, and financial policy incentives, while also overseeing the entire process – from construction and leasing to operation management – to ensure it effectively resolves the housing challenges faced by new urban residents and young people.

The net proceeds or the committed investment from sustainable bonds will be allocated to Green Eligible Categories and Social Eligible Categories as defined in 1.1 and 1.2 respectively.

In any case, Eligible Projects exclude the following categories (Explicitly Excluded Projects):

- Nuclear related projects;
- Luxury services or goods related, such as clubhouse operation;
- Tobacco and tobacco-related products related projects; and
- Weapons and ammunitions related projects.

Project Evaluation and Selection

The Group has a robust internal control and policy framework to ensure environmental and social risks are mitigated in the Group's operation. Feasibility reports or relevant project materials will be prepared before the commencement of Eligible Projects which identify the potential negative environmental or social impacts and mitigating measures.

In addition, it complies with Energy Saving Regulation of the People's Republic of China (《中華人民共和國節約能源法》), Energy Efficiency Standards for Public Buildings (《公共建築節能設計標準》), Regulation for Green Construction (《建築工程綠色施工規範》) and other related Policies and Regulations enforcing sustainability considerations. In any event the Eligible Projects should exclude those projects on the IFC Exclusion List.

I. Preliminary Screening

Based on the project documents and referring to Energy Saving Regulation of the People's Republic of China, Energy Efficiency Standards for Public Buildings, Regulation for Green Construction and other related Policies and Regulations enforcing sustainability considerations. The Group's Project Management Department shall conduct preliminary screening of eligible projects, to form the list of nominated projects and submit to the Finance Department for further review.

II. Review and Approval

The Finance Department shall review the selected nominated projects and propose the final list referring to criteria and standards of Eligible Project categories defined in this Sustainable Finance Framework.

The final list will then be reviewed by a dedicated Sustainable Financing Transactions Working Group ("**SFTWG**"), which includes:

- Finance Department;
- Quality and Safety Supervision Department; and
- Project Management Department.

III. Update and Maintenance

The SFTWG will approve, annually, the projects complying with the eligibility criteria and falling under one or more of the use of proceeds projects categories outlined above. It will then be reviewed and approved by the Issuer's senior management team. In addition, they will review the Eligible Projects list on an annual basis and determine if any changes are necessary (for example, whether the project has become ineligible due to non-compliance with standards at completion of construction, and whether the project has potential ESG risks and controversies). If such changes are necessary, they will remove the ineligible projects from the list and nominate alternative projects. The Group may also engage external expert when necessary.

The SFTWG will review the allocation of the proceeds annually to ensure maximum allocation of SFT proceeds and facilitate ongoing SFT reporting.

Management of Proceeds

The proceeds of each SFT will be deposited in the general funding accounts and “earmarked” pending allocation. The Group will maintain a SFT Register to track the use of proceeds for the SFT and to record the allocation of SFT proceeds.

The SFT Register will contain, for each SFT issued, information including:

(i) SFT details: ISIN (if any), pricing date, maturity date, etc.

(ii) Eligible Projects allocation list, information including

- Confirmation of investment made are to Eligible Projects,
- Description of investment,
- Investment amount, and
- Other necessary information so that the aggregate of issuance proceeds allocated to Eligible Projects is recorded at all times.

Unallocated proceeds shall be kept in cash until they are allocated to Eligible Projects.

Reporting

I. Allocation reporting

The Group commits to publish an annual SFT Report as long as bond proceeds remain unallocated, or the committed investment have not been achieved, which will provide information on amounts equal to the relevant funds entered and provide:

- Aggregate amount allocated to the various Eligible Projects Categories;
- Remaining balance of funds which have not yet been allocated;
- Examples and/or target population of projects from each Eligible Projects (subject to confidentiality disclosures);
- Share of financing projects and refinancing; and
- Any major developments/issues/disputes relating to the projects or assets (this part will still be disclosed in time after proceeds are fully allocated; or the committed investment have been achieved).

Furthermore, the Group will confirm that the use of proceeds of the SFT conforms to this Sustainable Finance Framework.

II. Impact reporting

In each annual SFT Report, the Group will include information on the environmental and social impacts of the Eligible Projects. The report will also be done on a timely basis in case of material developments. Subject to the nature of Eligible Projects and availability of information, the Group aims to include, but not limited to, the following impact indicators:

Eligible Projects Categories	**Impact Indicators**
Eligible Green Projects	
Sustainable Water and Waste Water Management	• Construction area of sponge city-related projects
Terrestrial and Aquatic Biodiversity Conservation	• Construction area of greening projects
Green Buildings	• Units of energy consumption and carbon emissions reduction
Eligible Social Projects	
Affordable Housing	• Number of units served

BUSINESS

OVERVIEW

The Company is a state-owned company directly and wholly-owned by the Zhengzhou SASAC. Since 2003, the Group has grown into a key development, operation and financing platform for urban construction of Zhengzhou. The Group is a comprehensive platform for land consolidation, infrastructure construction, relocating housing construction and municipal assets operation, as well as the sole public housing rental operator and the sole indemnificatory housing rental operator at municipal level in Zhengzhou with extensive industry experience, strong government support, sophisticated management team and diversified business segments. Positioning as a city constructor, city operator and capital operator and bearing the mission of building a first-class comprehensive construction and operation platform for the national central city (一流國家中心城市綜合建設運營平台), the Group has engaged in eight core business segments, including land consolidation, urban infrastructure construction, assets operation, housing rental, indemnificatory housing allocation and sale, relocating housing construction, real estate development and industrial park development and operation. Meanwhile, the Group cultivates the emerging sector of capital operation and explores emerging upstream and downstream businesses relating to existing operations such as industrial park operation and housing rental, and deeply participates in the modernization construction of Zhengzhou as a national central city.

- **Land consolidation:** As the largest platform for land consolidation in Zhengzhou, the Group has, since its establishment in 2003, undertaken major land consolidation projects in Zhengzhou. Under the authorisation of local governments or Zhengzhou Municipal Land Reserve Centre (鄭州土地儲備中心), the Group enters into land consolidation cooperation agreement with them and conducts land primary development as well as relocation compensation arrangement. The Group has completed a number of major municipal land reorganisation and development projects including West Square of Zhengzhou Railway Station Project (鄭州火車站西廣場項目), Expansion of Jingguang Road (京廣路拓寬改造), Jingsha Express Project (京沙快速項目) and Longhai Road Express Project (隴海路項目). The Group also has key projects under construction including Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目), Zhengzhou Xingyang Health Park Land Development Project (鄭州滎陽健康園土地一級開發項目), Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目) and Jindai Kechuang City Urban Renewal Project (金岱科創城城市更新項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its land consolidation business of approximately RMB2,318.8 million, RMB4,245.7 million and RMB3,571.4 million, respectively, representing approximately 25.8 per cent., 45.2 per cent. and 36.6 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Urban infrastructure construction:** As a driving force of urban infrastructure construction in Zhengzhou, the Group shoulders its mandate of serving for the public good and actively participates in urban infrastructure construction in Zhengzhou, primarily including the construction of roads, bridges, schools, ecological water systems and multiple infrastructure and public service facilities. The Group primarily conducts its urban infrastructure construction business through the business models of project construction model (工程施工模式) and the infrastructure agency model (基礎設施代建模式). Over the years, the Group has led the construction of a large number of urban infrastructure projects of strategic and economic significance to Zhengzhou, including Zhengzhou Jingsha Jingguang Express Project (鄭州京沙京廣快速路), Zhengzhou Southern Third-Ring Eastern Side Viaduct Project (鄭州市南三環東延線（南台路-107輔道）), Su Manor Balang Stockade Village Project (蘇莊八郎寨項目), Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its urban infrastructure construction business of approximately RMB1,155.5 million, RMB1,802.7 million and RMB1,323.3 million, respectively, representing approximately 12.9 per cent., 19.2 per cent. and 13.6 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Assets operation:** The Group takes an active role in construction and operation of municipal assets including public facilities such as urban parking lots, historical sites, cultural venues as well as industrial parks. The Group also has the right to operate and manage key municipal assets through the PPP model and undertakes several urban public infrastructure construction projects. Major projects conducted under the PPP model include Zhengzhou Third-Ring Express Project (鄭州市三環路快速化工程項目) and Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程). Major municipal assets operation projects that the Group undertakes include Olympic Sports Centre (奧林匹克體育中心), Zhengzhou Opera Centre (鄭州大劇院), Zhengzhou Civic Centre (鄭州市民活動中心), Zhengzhou Niukouyu Yellow River Channelling Project (牛口峪引黃工程), Shifo Settling Basin Ecological Water Supply Project (石佛沉砂池生態供水項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its assets operation business of approximately RMB81.7 million, RMB205.8 million and RMB307.8 million, respectively, representing approximately 0.9 per cent., 2.2 per cent. and 3.2 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Housing rental:** As the sole housing rental operation platform designated by Zhengzhou Municipal Government, the Group is responsible for operation of indemnificatory housing rental (including talent apartments) and municipal public housing rental in Zhengzhou and has received strong support from the government. For municipal public housing rental, from 2013 to June 2022, the Group has received public rental housing (approximately 59,873 sets of public rental apartments with a total GFA of approximately 3.2 million square metres) from Zhengzhou Municipal Government at nil consideration and generates revenue from rent and management fees. For indemnificatory housing rental (including talent apartments), the Group has been purchasing existing commercial housing from the market and operated them as indemnificatory rental housing with support from Zhengzhou Municipal Government. The Group has purchased more than 100,000 units of indemnificatory rental housing and has put approximately 60,476 units into operation, attracting more than 70,000 young professionals to reside in these accommodations. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its housing rental business of approximately RMB172.0 million, RMB283.5 million and RMB708.9 million, respectively, representing approximately 1.9 per cent., 3.0 per cent. and 7.3 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Indemnificatory housing allocation and sale:** As an extension to the indemnificatory housing rental business and in response to the policies from central and local governments to increase the supply of indemnificatory housing, the Group started the indemnificatory housing allocation and sale business in 2024 by converting a portion of its self-constructed talent apartments into allocation-type indemnificatory housing units and generating revenue from property sale. In addition, in 2024, the Group was designated by Zhengzhou Municipal Government as the sole entity to purchase existing commercial housing for use as indemnificatory housing in Zhengzhou. For the year ended 31 December 2024, the Group generated operating revenue from its indemnificatory housing allocation and sale business of approximately RMB179.1 million, representing approximately 1.8 per cent. of the Group's total operating revenue for the same period. As the Group accelerates the construction and acquisition of allocation-type indemnificatory housing, the Group is expected to generate revenue from this business segment.

- **Relocating housing construction:** The Group is entrusted by the Zhengzhou Municipal Government as the main construction entity to undertake the construction of relocating housing projects and generates revenue therefrom. The development of relocating housing is carried out according to the entrusted development agreement between the Group and the local governments and the Group undertakes the construction and development work. As at 31 December 2024, the Group completed six major relocating housing construction projects with total invested amount of approximately RMB10,773.1 million. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its relocating housing construction business of approximately RMB3,981.6 million, RMB1,105.5 million and RMB784.1 million, respectively, representing approximately 44.3 per cent., 11.8 per cent. and 8.0 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Real estate development**: The Group's real estate development business comprises development and sale of commercial properties and historically some subsidised properties (經濟適用房). As at 31 December 2024, the Group undertook multiple real estate projects and completed six major real estate development projects with an aggregated GFA of approximately 1,071,664.7 square metres and had two major projects under construction including Yutong Jiayuan (裕彤佳苑) and Yongsheng Garden (永盛苑) with a total planned GFA of approximately 323,510.7 square metres. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue generated from its real estate development business were approximately RMB728.4 million, RMB790.7 million and RMB1,445.8 million, respectively, representing approximately 8.1 per cent., 8.4 per cent. and 14.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- **Industrial park development and operation**: The Group has proactively engaged in industrial park development business and invested in industrial parks including Jindai Intelligent Industrial Park Project (金岱智慧產業項目), and High-tech Biology Economy Industrial Park (高新生物經濟產業園) and Zhengkai Intelligent Industrial Park (鄭開智慧產業園) which are currently construction. Jindai Intelligent Industrial Park (鄭地金岱智慧產業園) has come into operation and has attracted more than 210 enterprises in the sectors of intelligent manufacturing, technology and services, with a total of signed area of approximately 140,000 square metres. The revenue under this business segment primarily represents the revenue from the portion of the area of Jindai Intelligent Industrial Park that is not owned by the Group, where the Group generated revenue from sale of plants and properties. For the portion of Jindai Intelligent Industrial Park that is self-owned by the Group, the revenue is recognised and classified under the business of assets operation business as specified above and primarily generated from lease of plants and other ancillary facilities as well as operation of the park. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its industrial park development and operation business of approximately nil, RMB175.1 million and RMB382.9 million, representing approximately nil, 1.9 per cent. and 3.9 per cent. of the Group's total operating revenue for the same periods.

- **Others:** The Group also conducts other businesses, primarily comprising management consultation, trading, sale of goods, surveying and mapping, property management and other miscellaneous businesses. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its other businesses of approximately RMB553.3 million, RMB784.0 million and RMB1,057.1 million, representing approximately 6.2 per cent., 8.3 per cent. and 10.8 per cent. of the Group's total operating revenue for the same periods.

As at 31 December 2022, 2023 and 2024, the Group's total assets amounted to approximately RMB163,602.9 million, RMB183,908.2 million and RMB230,403.9 million, respectively. For the years ended 31 December 2022, 2023 and 2024, the Group's total operating revenue were approximately RMB8,991.3 million, RMB9,393.0 million and RMB9,760.4 million, respectively, and the Group's total operating profit were approximately RMB602.7 million, RMB527.1 million and RMB709.3 million, respectively, for the same periods.

HISTORY AND DEVELOPMENT

The table below sets out certain key milestones in the business and corporate development of the Group:

Year	Event
2003	The Company was established at the same time with Zhengzhou Municipal Land Reserve Centre upon Zhengzhou Municipal Government Approval.
2008	Zhengzhou Municipal Land and Resources Bureau (鄭州市國土資源局) became the direct supervising government branch for the Company.
2011	The Company was reorganised into a state-owned entity and was authorised to conduct land consolidation business to implement Zhengzhou Municipal Government's plans. The registered capital of the Company was RMB500 million with total assets of approximately RMB2 billion.
2012	The registered capital was increased to RMB2 billion with total assets of approximately RMB11.1 billion.
2013	Zhengzhou Municipal Government injected assets into the Company, increasing the Company's total assets to approximately RMB43.6 billion. 46 parcels of land assets were injected into the Company. 100 per cent. of equity interests in Zhengzhou Urban Construction Group Investment Co., Ltd. (鄭州城建集團投資有限公司) and Zhengzhou Public Housing Investment Co., Ltd. (鄭州公共住宅建設投資有限公司) were transferred to the Company without consideration.
2014	Zhengzhou Municipal Government injected 99 underground space (with a total value of approximately RMB5.41 billion) and 8,853 low-rent housing apartments (with a total value of approximately RMB3.2 billion and total area of approximately 446,700 square metres) into the Group.
2015	Zhengzhou Municipal Government injected 6,675 indemnificatory apartments into the Group, with a total value of approximately RMB2.49 billion and total area of approximately 339,300 square metres.
2016	Xingyang Municipal Government (滎陽市政府) injected the development right and right to phase I development benefit of Zhengzhou Xingyang Liveable Health Park (鄭州滎陽市宜居健康園) (with an estimated value of approximately RMB10.04 billion) into the Group. Zhengzhou Municipal Government further increased its investment in the Company of RMB220 million.

2017	The Company received AAA for its domestic credit rating from China Lianhe Credit Rating Co., Ltd.
	Zhengzhou Municipal Government designated the Group as the exclusive housing rental and land consolidation platform, one of the four municipal state-owned assets operation platforms in Zhengzhou.
2018	The Company's registered capital reached RMB2.00 billion with total assets of approximately RMB119.98 billion.
2019	The Group started market-orientation transformation reform.
	The Company received BBB+ for its international credit rating from Fitch.
	The Olympic Sports Centre (奧體中心) was completed and put into use, and successfully hosted the 11th China Traditional Sports Games of Ethnic Minorities.
	Another three key projects, Eastern Expansion of Northern Third-ring Express Project (北三環東延快速通道工程), Shifo Settling Basin Ecological Water Supply Project (石佛沉砂池生態供水項目) and Zhengzhou Niukouyu Yellow River Channelling Project, were opened for test.
	According to the document issued by Zhengzhou SASAC (Zheng Guo Zi [2019] No. 22) (鄭國資〔2019〕22號), the Company received capital injection of RMB80.00 million.
2020	The Company successfully registered premium enterprise bonds of RMB10 billion.
	The Olympic Sports Centre Project won China Construction Engineering Luban Prize (中國建設工程魯班獎).
	Shang Dynasty Imperial City Archaeological Site Project (商代王城遺址項目) was listed as one of the 32 core sectors in Zhengzhou.
	According to the Approval of Increasing Registered Capital of Zhengzhou Real Estate Group Co., Ltd. (Zheng Guo Zi [2020] No. 91) (關於鄭州地產集團有限公司增加註冊資本金的批覆(鄭國資[2020]91號)) issued by Zhengzhou SASAC, the Company received capital injection of RMB350.00 million from the Zhengzhou Municipal Finance Bureau.
	According to the Approval of Increasing Registered Capital of Zhengzhou Real Estate Group Co., Ltd. (Zheng Guo Zi [2020] No. 123) (關於鄭州地產集團有限公司增加註冊資本金的批覆(鄭國資[2020]123號)) issued by Zhengzhou SASAC, the Company received capital injection of RMB20.00 million from the Zhengzhou Municipal Finance Bureau.

2021	Zhengzhou Shangdu Relics Museum (鄭州商都遺址博物館) and Institute of Antiquities and Archaeology (文物考古研究院) opened for trial service. The Group initiated the construction work of five Municipal "6+1" High School Construction Project (市屬「6+1」高中代建項目). The Group connected the dead end roads including East Huafei Road (化肥東路) and Binhe Road (濱河路) in Zhengzhou. According to the Approval of Increasing Registered Capital of Zhengzhou Real Estate Group Co., Ltd. (Zheng Guo Zi [2021] No. 118) (關於鄭州地產集團有限公司增加註冊資本金的批覆(鄭國資[2021]118號)) issued by Zhengzhou SASAC, the Company received capital injection of RMB9.17 million. Zhengzhou Municipal Government assigned the Group as the sole municipal public housing rental operator, responsible for improving the indemnificatory housing system in Zhengzhou, buying back the resettlement houses and apartments from the open market, and operate them continuously. According to the Approval of Injecting Public Rental Housing into Henan Zhengdi House Renting Co., Ltd. (Zheng Guo Zi [2021] No. 99) (關於將公共租賃住房注入河南鄭地住房租賃有限公司的批覆(鄭國資[2021]118號)) issued by Zhengzhou SASAC, approximately 47,480 sets of public rental housing assets with an estimated value of approximately RMB10.10 billion were transferred to the Group without consideration.
2022	On 4 January 2022, the Company was awarded as the Outstanding Enterprise Bonds Issuer (優秀企業債發行機構) in the Year 2021 CCDC Member Business Development and Quality Assessment published by China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司). In December 2022, as approved by the Approval of Changing the Company Name of Zhengzhou Real Estate Group Co., Ltd. (Zheng Guo Zi [2022] No. 86) (關於鄭州地產集團有限公司變更公司名稱的批覆(鄭國資[2022]86號)), the Company changed its name from Zhengzhou Real Estate Group Co., Ltd. (鄭州地產集團有限公司) to Zhengzhou Urban Development Group Co., Ltd. (鄭州城市發展集團有限公司). The Olympic Sports Centre (奧體中心) was selected as "Top 100 Buildings in New Era of China" (2022中國新時代100大建築) by Chinese Society for Science and Technology Journalism (中國科技新聞學會). The registered capital in an amount of approximately RMB39.0 million was injected into the Company by Zhengzhou Municipal Government.
2023	The Group was selected as the sole operator of indemnificatory housing rental business in Zhengzhou.

2024	The Olympic Sports Centre (奧體中心) was awarded "the 20th China Tien-yow Jeme Civil Engineering Prize" (第二十屆中國土木工程詹天佑獎) by China Civil Engineering Society (中國土木工程學會) and Beijing Zhantianyou Development Foundation for Science and Technology (北京詹天佑土木工程科學技術發展基金會).
	The registered capital of the Company increased to approximately RMB2,700.5 million.
	The Group was selected as the sole municipal operator to purchase existing housing to operate indemnificatory housing business in Zhengzhou.

RELATIONSHIP WITH THE ZHENGZHOU MUNICIPAL GOVERNMENT, THE SOLE EQUITY HOLDER OF THE COMPANY

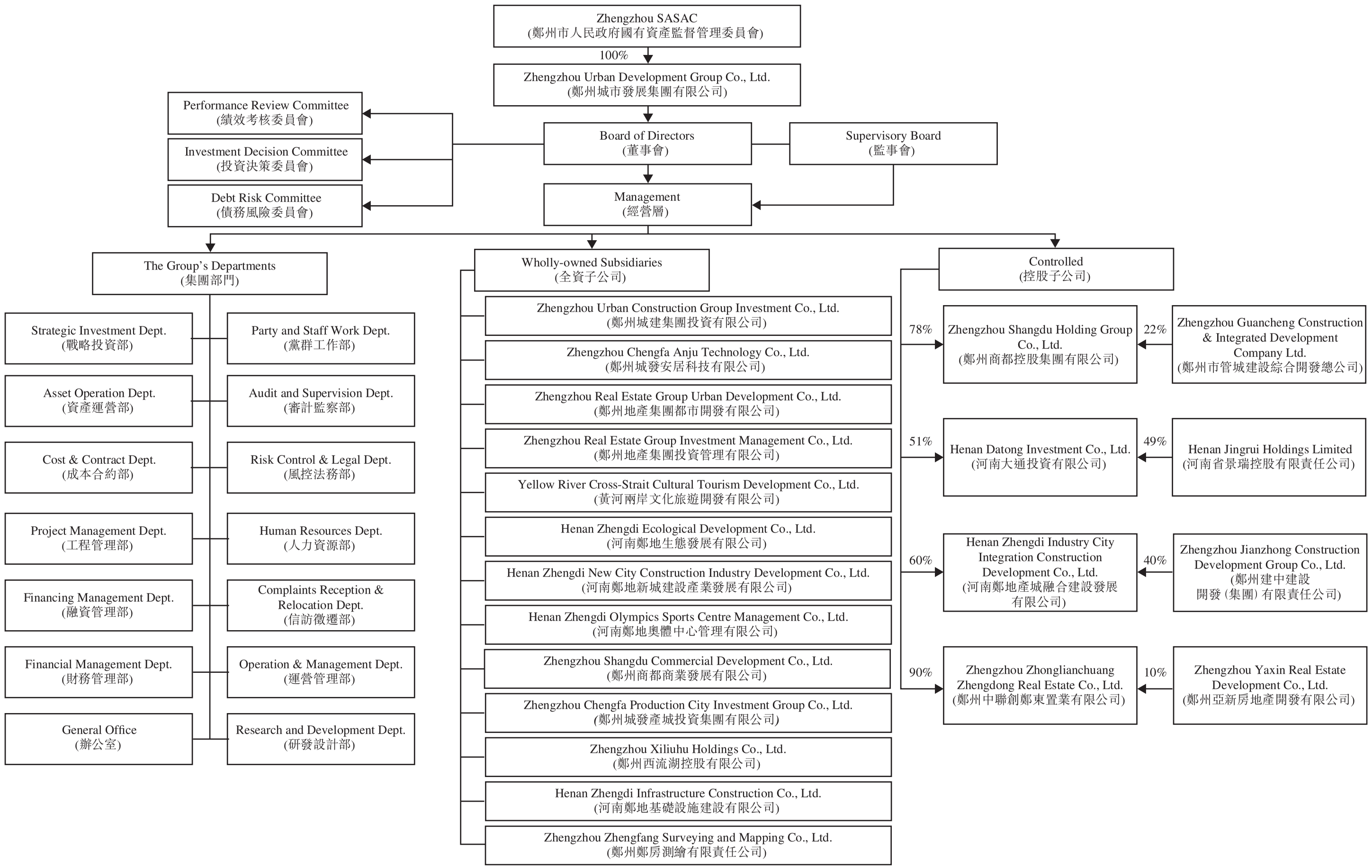
The Company is beneficially wholly-owned by the Zhengzhou Municipal Government with Zhengzhou SASAC as its sole registered shareholder. As a key investment and financing platform in the land consolidation and urban infrastructure construction industry in Zhengzhou and the sole public housing rental operator and the sole indemnificatory housing rental operator at municipal level in Zhengzhou, the Group has extensive relationships with the Zhengzhou Municipal Government and other entities directly or indirectly controlled by Zhengzhou Municipal Government. The Group is commissioned by the Zhengzhou Municipal Government and other local governmental entities and agencies to participate in numerous public projects such as land consolidation, urban infrastructure construction, assets operation, industrial park development and operation, housing rental as well as construction, allocation and sale of indemnificatory housing. The Group has also received various asset and capital injections, subsidies and other grants from the Zhengzhou Municipal Government as well as other entities and enterprises controlled by it. As the sole shareholder of the Company, Zhengzhou SASAC appoints the Company's Board of Directors and management team and supervises the performance of the Group and the Board of Directors and management team in such capacity through various means. See the section entitled "*Competitive Strengths*" below for further details.

Notwithstanding the Group's extensive relationships with the Zhengzhou Municipal Government and other entities controlled by it, social and community functions performed by the Group and the financial support received by it, the Group is not part of the government. It is operationally and financially separated from the Zhengzhou Municipal Government. Its functions and departments are separated from those of the government and do not share any premises with the Zhengzhou Municipal Government. Even though the Board of Directors and management team of the Company are appointed by the Zhengzhou SASAC, they are not government officers and do not have any employment relationships outside the Company. The Group's budget and financial reporting system and assets and liabilities are separate from those of the Zhengzhou Municipal Government. The Zhengzhou Municipal Government, as the ultimate equity holder of the Company, only has limited liability to the Company in the form of its equity contribution in the Company. Neither the Zhengzhou Municipal Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and they will not provide a guarantee of any kind for the Bonds. The holders of the Bonds do not have any recourse against the Zhengzhou Municipal Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Company and the obligations of the Company under the Bonds or the Trust Deed shall solely be fulfilled by the Company as an independent legal person. This position has been reinforced by Circular 23 and Circular 706. Both circulars do not, however, prohibit the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets and credit support) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Group and Zhengzhou Municipal Government in this Offering Circular does not imply, in any way any explicit or implicit, credit support of the Zhengzhou Municipal Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Company.

See "*Risk Factors — Risks relating to the Group and its Businesses — A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations*", "*Risk Factors — Risks relating to the Group and its Businesses — The Zhengzhou Municipal Government may exert significant influence on the Group, and the Group may not make decisions, take actions or invest in or operate businesses or projects that are in the Group's best interest or that aim to maximise the Group's profits*", "*Risk Factors — Risks relating to the Group and its Businesses — The Group's business and prospects to a large extent depend upon the spending of the Zhengzhou Municipal Government on land development, indemnificatory housing rental projects, municipal assets operation and industry integration development*", "*Risk Factors — Risks relating to the Group and its Businesses — PRC regulations on the administration of local government debts may have a material impact on the Group's financing model and business model*" and "*Risk Factors — Risks relating to the Bonds — Neither the Zhengzhou Municipal Government nor any other PRC governmental entity is obligated to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations thereunder*" for further details.

CORPORATE STRUCTURE

The following chart sets out the simplified corporate structure of the Group as at the date of this Offering Circular[(1)]:



Note:

(1) Only including the Company's principal subsidiaries.

COMPETITIVE STRENGTHS

The Group believes it has the following competitive strengths that have led to its success and are important to its future development:

Well-positioned to benefit from Zhengzhou, Henan's economic strength and growing competitiveness

The Group believes that its business success and growth potential are largely attributable to the economic strength and growing competitiveness of Zhengzhou, Henan, where the Group undertakes a large number of important projects and conducts its businesses.

Located in the centre of China, Henan province serves as a gateway to any other part of China. Zhengzhou, the capital of Henan province, is one of the few international transportation hub in China according to the State Council's Reply to Zhengzhou Land Space Overall Planning (2021 to 2025) (國務院關於《鄭州市國土空間總體規劃(2021-2025年)的批覆). Zhengzhou is also known as the "heart of China's high-speed railway" with several intersecting high-speed railways crossing through the city including the Zhengzhou-Xi'an Highspeed Railway (鄭西高鐵), Beijing-Guangzhou High-speed Railway (京廣高鐵), Zhengzhou-Xuzhou High-speed Railway (鄭徐高鐵), Zhengzhou-Chongqing High-speed Railway (鄭渝高鐵), Zhengzhou-Fuyang High-speed Railway (鄭阜高鐵), Shangqiu-Hefei-Hangzhou High-speed Railway (商合杭高鐵), Jinan-Zhengzhou Highspeed Railway (濟鄭高鐵) and Zhengzhou-Taiyuan High-speed Railway (鄭太高鐵). Zhengzhou has the largest train station in Asia and the largest railroad container freight centre in China. The two-hour high-speed railway radius centred on Zhengzhou covers a population of 408 million and nearly one-third of China's total economic output; from Zhengzhou, the number of major cities that can be reached in three hours ranks the first in China. Furthermore, Zhengzhou is also an aviation hub. Zhengzhou Xinzheng International Airport, one of the eight regional hub airports in China, has ranked the first in central China in terms of transportation scale for four consecutive years. From Zhengzhou, the 2.5-hour aviation radius can cover more than 90 per cent. of China's population and markets.

The advanced transportation and strategically important position of Zhengzhou greatly benefit the development of Zhengzhou. According to Zhengzhou Municipal Government Report of 2020 and 2021, Zhengzhou has entered into the list of Top 100 Cities in the Globe with Economic Competitiveness, Top 100 Cities in the Globe with Business-Friendly Environment, Top 10 Digital Cities in China and Top 20 Cities in China with Comprehensive Competitiveness. Henan province has one of the strongest economies in China. Zhengzhou is also one of the designated cities by the State Council as the nine national focus cities in China in 2016. As Zhengzhou is one of the core cities in the metropolitan areas located close to Beijing and one of the few cities that is charged with the implementation of Rising Central Area Strategy, it has attracted an influx of business and commercial activities within China. Tracing its presence to the prehistoric Yangshao Culture more than 5,300 years ago, home to one of the eight antique cities of ancient China, Zhengzhou is widely acclaimed as the cradle city of Chinese civilisation and has become a historic and cultural cornerstone of modern China. In 2023, Zhengzhou Metropolitan Area Development Planning (《鄭州都市圈發展規劃》) was approved by the NDRC and Zhengzhou Metropolitan Area became the tenth metropolitan area in China. In 2024, the GDP and fiscal revenue of Zhengzhou both ranked 16th among cities in China.

Zhengzhou continued to focus on growing its economic ability as well as the residents' income to attract more investments and people to construct a modern city. Zhengzhou's prime geographical location, advanced transportation network, strong industry presence and renowned culture have all contributed to its continuous economic growth. According to the Zhengzhou Municipal Statistics Bureau (鄭州市統計局), for the years from 2022 to 2024, Zhengzhou's GDP reached approximately RMB1,293.47 billion, RMB1,361.78 billion and RMB1,453.2 billion, respectively, with a growth rate of approximately 1.0 per cent., 7.4 per cent. and 5.7 per cent., respectively, for the same periods. In 2024, Zhengzhou's GDP reached the 16 highest amongst Chinese cities and the highest amongst cities in Henan province. Zhengzhou contributed approximately 23 per cent. of Henan province's GDP in 2024. Zhengzhou also enjoys high per capita disposable income. According to the Statistical Gazette of Zhengzhou's Economic and Social Development (鄭州市國民經濟和社會發展統計公報), for the years from 2022 to 2024, the per capita disposable income for urban residents in Zhengzhou was approximately RMB46,287, RMB48,739 and RMB50,494, respectively; and the per capita disposable income of rural residents was approximately RMB28,237, RMB30,383 and RMB31,933, respectively, for the same periods.

The strategic location, strong and stable economic growth of Zhengzhou coupled with the favourable policies of the PRC government and the Zhengzhou Municipal Government provide a favourable business environment for the development of the Group's core business segments. As all of the Group's businesses and operations are located in Zhengzhou, the Group believes that it is and will continue to be well-positioned to benefit from Zhengzhou's economic strength and growing competitiveness.

A key municipal state-owned assets operation platforms authorised by Zhengzhou Municipal Government to implement governmental plans and improve livelihood

The Group is a key municipal state-owned assets operation platform authorised by the Zhengzhou Municipal Government to implement its investment and financing constructions. It is one of the three major platforms directly supervised by the Zhengzhou Municipal Government that engage in urban construction business, which comprise, apart from the Group, one municipal investment and financing construction entity engaging in infrastructure construction and industry development and another municipal public utility operation entity conducting businesses such as heating, water supply, sewage treatment and power generation. The Group is also the only government-led rental housing construction and operation entity in Zhengzhou and has an industry monopoly on project resources in the field of municipal-level land consolidation business, public housing rental, indemnificatory housing rental, allocation and sale businesses. The Group has also actively undertaken various regional land consolidation projects in Zhengzhou for many years. Grown into a key urban construction, operation and comprehensive services provider in Zhengzhou, the Group is also a driving force for the construction of Zhengzhou's infrastructure, public services facilities and shanty town relocating housing. The Group is distinguished from other state-owned enterprises in Zhengzhou in terms of functional positioning and primary businesses undertaken. As at the date of this Offering Circular, the Group's assets ranked second among all state-owned enterprises in Zhengzhou and plays a vital role in assisting the local government in providing public services.

The Group is the largest platform that is responsible for land consolidation in Zhengzhou. As an urban construction developer and operator for a national central city, the Group plays a crucial role in supporting and promoting the urbanisation of Zhengzhou, improving all aspects of livelihood and fuelling regional development. The Group has, on behalf of the government, taken an active role in most of the functional land consolidation projects of Zhengzhou, which further contribute to the urbanisation process and the construction of urban framework of Zhengzhou. For example, the Group has led the construction of multiple regional land development projects including, among the others, West Square of Zhengzhou Railway Station Project (鄭州火車站西廣場項目), Longhai Road Express Project (隴海路項目), Jingguang Express Project (鄭州京沙京廣快速路), Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目), Xingyang Health Park Land Development Project (鄭州滎陽健康園土地一級開發項目) and Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目). Being the key land consolidation platform in Zhengzhou, the Group's accumulated onsite and financing experience brought along with these projects further reinforces the leading position of Company in this industry and continues to fuel the sustainable development hereof.

Since 2021, the Group has been recognised as the sole public housing rental operator at the municipal level in Zhengzhou. From 2013 to June 2022, Zhengzhou Municipal Government transferred public rental housing (approximately 58,973 sets of public rental apartments with a total GFA of approximately 3.2 million square metres) to the Group at nil consideration. The Group is responsible for the construction and operation of the public rental housing in Zhengzhou with strong support from the Zhengzhou Municipal Government. The Group shoulders the important task of improving the indemnificatory housing system in Zhengzhou and assists the Zhengzhou Municipal Government to establish a professional operation and management system for housing rental in Zhengzhou, research and develop an integrated indemnificatory housing management platform, and introduce a new one-stop online management model with housing application, determination of qualification, joint approval, operational supervision and other functions.

Since 2022, in accordance with the requirements of the Zhengzhou Municipal Party Committee and the Zhengzhou Municipal Government, the Group has been engaged to raise and build talent apartments through market-based methods to supply subsidised rental housing for various types of talents in Zhengzhou. Zhengzhou Municipal Government requires the Group, as the sole municipal entity, to raise and build talent apartments (approximately 120,680 as at 30 June 2025) through market-based methods to supply rental housing for various types of talents in Zhengzhou. The talent apartment project is included in the indemnificatory housing rental system. The average size of the housing units planned for the project is 35–70 square metres, with an estimated total area of 4.93 million square meters and a total investment of RMB38.0 billion, which is subject to change from time to time. As a state-owned enterprise, the Company acts as the stabiliser and facilitator in the development of Zhengzhou's real estate industry, and effectively guides the sustainable and healthy development of Zhengzhou's indemnificatory housing rental industry.

Strong support from Zhengzhou Municipal Government

As a large state-owned enterprise wholly-owned by Zhengzhou Municipal Government, the Group has engaged in industrial investments relating to urban construction for many years. The Group has completed a number of construction and operation projects of key urban assets in high quality and has established a good relationship of mutual trust between the government and itself. The Group's strong project acquisition capability can meet the Group's sustainable development in the future. The Group harbours unique strengths in each of its business segments. For land consolidation business, it has maintained a close relationship with Zhengzhou Municipal Land Reserve Centre since 2003 when both the Company and Zhengzhou Municipal Land Reserve Centre were established. The two entities had shared the same staff team and been operating on a joint basis until 2014 where a municipal policy decreed the separation of preliminary and subsequent land development. As a monopolistic municipal level land developer, the Group has completed major municipal reorganisation and development projects and established strategic cooperation with many local counties on their respective land consolidation plans. In infrastructure construction industry, the Group maintains extensive construction experience, good reputation and strong financing capabilities, and undertakes the construction of most of the non-track transportation facilities, as well as the construction of public facilities such as Olympic Sports Centre and Shifo Settling Basin Ecological Water Supply Project. In 2019, after the Olympic Sports Centre successfully hosted the National Traditional Games of Ethnic Minorities, the Group's construction and management capabilities was recognised by Zhengzhou Municipal Government. In 2021, Zhengzhou Municipal Government appointed the Group for construction management for the seven schools invested by the government itself. In terms of relocating housing construction, the Group has been substantially involved in the construction of relocating housing projects in various districts and completed the projects with high quality and standard. The Group remains a forceful drive for a better Zhengzhou. The Group should continue to perform the relevant social functions assigned by the Zhengzhou Municipal Government and achieve social benefits, while continuing to use government resources and policy advantages to strive for certain urban resources and lay the foundation of resources for the Group to pursue economic benefits.

Furthermore, the Company was established in 2003 together with the Zhengzhou Municipal Land Reserve Centre and shared the same management team and operation model for over ten years and established mutual trust between each other. The Group cooperates with the Zhengzhou Municipal Land Reserve Centre on land consolidation work. The Zhengzhou Olympic Sports Centre (鄭州奧林匹克體育中心), which was completed on schedule, succeeded in hosting China Traditional Sports Games of Ethnic Minorities and such success laid the foundation of the Group's leading advantages in the operation and management of urban assets. The Group has been appointed as the sole public housing rental operator and the indemnificatory housing rental operator at municipal level in Zhengzhou and it has been receiving strong financial support from the government for its indemnificatory housing rental business, which amounted to approximately RMB1,480.0 million as at 30 June 2025.

Mr. Wan Yongsheng, the chairman of the Board of Directors is directly appointed by Zhengzhou Municipal Organisation Department. In 2021, he was elected as a member of the twelfth committee of Zhengzhou Municipal Committee (鄭州市委第十二屆委員會委員) and a representative of the fifteenth Zhengzhou Municipal People's Congress (鄭州市第十五屆人民代表大會代表) and later was elected as a representative of the sixteenth Zhengzhou Municipal People's Congress (鄭州市第十六屆人民代表大會代表) in 2022. In addition, non-employee directors, non-employee supervisors and management team of the Company were appointed by the Zhengzhou SASAC or the Zhengzhou Municipal Government. Most of the senior management of the Company has worked at relevant governmental departments or the Zhengzhou Municipal Land Reserve Centre, which significantly strengthens the Group's communication with and support from the government.

In recognition of the strategic importance of the Group's businesses and operations to Zhengzhou, the Group has received various forms of support from Zhengzhou Municipal Government (in the form of asset and capital injections, subsidies and other grants, and tax incentives permissible under PRC laws and regulations). For business such as land consolidation business, urban infrastructure construction business and relocating housing construction, given their public nature, the Group receives government appropriations to ensure steady progress.

Below sets out the various kinds of support that the Group received for the past three years:

- government subsidies and grants of approximately RMB468.1 million, RMB84.4 million and RMB543.0 million, respectively, for the year ended 31 December 2022, 2023 and 2024;

- assets and capital injections of approximately RMB39.0 million, nil and nil, respectively, for the year ended 31 December 2022, 2023 and 2024;

- equity transfer of one enterprise with nil consideration with an estimated value of approximately RMB182.2 million in 2023;

- project funds and advanced payment with an aggregate amount of approximately RMB2,583.8 million, RMB5,151.0 million and RMB2,526.7 million, respectively for the year ended 31 December 2022, 2023 and 2024;

The continued support from Zhengzhou Municipal Government has been critical to the ability of the Group in operating and investing in capital-intensive and large-scale land consolidation, urban infrastructure construction, municipal assets operation, industrial park development and operation and housing rental construction and operation projects, and further expanding its business operations to strengthen its competitive position in Zhengzhou. Please also refer to "*Risk Factors — Risks relating to the Group and its Businesses — A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations*" for further details.

The Company is beneficially controlled and owned by the Zhengzhou Municipal Government with Zhengzhou SASAC as its shareholder. However, the Zhengzhou Municipal Government only has limited liability in the form of its equity contribution in the Company and shall under no circumstances have any payment or other obligations arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Company and the obligations of the Company under the Bonds or the Trust Deed shall solely be fulfilled by the Company as an independent legal person. See "*Relationship with the Zhengzhou Municipal Government, the Sole Equity Holder of the Company*" in this section for further details.

Diversified financing channels and strong fund-raising capabilities

The Group has access to diversified financing channels to fund its projects and operations, including bank loans, bonds, trust and financial leasing. With the aim of tailoring financing methods to specific projects and optimising its financing costs, the Group endeavours to maintain a well-balanced level of direct and indirect financing. The Company has received AAA for its domestic credit rating from China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司) since 2017 and have established relationships with multiple major banks and financial institutions in China, such as China Development Bank, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communications, Agricultural Bank of China, Postal Savings Bank of China, China Everbright Bank, Industrial Bank Co., Ltd., China CITIC Bank, SPD Bank, Ping An Bank, Guotai Junan International, China Galaxy Securities, China International Capital Corporation and Hua Xia Bank, which makes the Group enjoy superior credit record among banks. In addition, as at the date of this Offering Circular, the Group has two member companies with a rating of "AAA" by China Lianhe Credit Rating Co., Ltd., three member companies with a rating of "AA+" by China Lianhe Credit Rating Co., Ltd. and two member companies (including the Issuer) with a rating of "BBB+" by Fitch.

The Group has implemented and enhanced its prudent financial management system and maintained a reasonable debt maturity distribution to ensure stable financial performance and avoid potential liquidity risk. Leveraging its state-owned background, good credit rating and close relationship with major commercial banks, policy banks and financial institutions in the PRC, primarily including China Development Bank, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications, Postal Savings Bank of China, China Everbright Bank, Hua Xia Bank, Bank of Zhengzhou, Zhongyuan Bank, Industrial Bank, China CITIC Bank, China Bohai Bank, Shanghai Pudong Development Bank, China Zheshang Bank, EverGrowing Bank, China Minsheng Bank and Ping An Bank in a total amount of approximately RMB100.7 billion, of which approximately RMB40.1 billion had not been utilised as at 31 December 2024.

The Group's close relationship with financial institutions provides adequate funding sources to support its project construction and business operation. The Group believes that its diversified financing channels and strong fund-raising capabilities can reduce financing costs effectively and achieve long-term sustainable growth.

Experienced management team with proven track records and closely supervised by the Zhengzhou SASAC

The Company has an experienced management team with extensive knowledge in the industries in which the Company operates. The Company believes that the team's industrial knowledge, technical expertise and proven track records enable the Company to assess and manage risks, seize market opportunities, formulate sound investment strategies and make prudent business decisions so as to strengthen its operations in the relevant business segments in Zhengzhou. Majority of the Company's directors, supervisors and senior management team are appointed by the Zhengzhou SASAC. In addition, the Company's current Board of Directors and senior management team, led by Mr. Wan Yongsheng (萬永生), the chairman of the Board of Directors, and Mr. Feng Hongtao (馮洪濤), the employee director, have in-depth working experience in various governmental departments such as Zhengzhou Municipal Land Reserve Centre (鄭州土地儲備中心) and maintain good communications with such governmental departments. Mr. Wan Yongsheng used to serve as the director of Zhengzhou Municipal Statistics Bureau and was elected as a member of the 12th committee of Zhengzhou Municipal Committee (鄭州市委第十二屆委員會委員) and a representative of the 15th and the 16th Zhengzhou Municipal People's Congress (鄭州市人民代表大會代表) as the only outstanding entrepreneur in Zhengzhou. Mr. Luo Liming (羅黎明), the director and general manager of the Company, used to serve as the deputy director of Zhengzhou Market Development Bureau (鄭州市市場發展局) and the member, deputy director and secretary of the Party committee of Zhengzhou Market Development Centre (鄭州市市場發展中心). Please see "*Management*" for further details.

As the Group plays a vital role in managing high-profile state-owned assets in Zhengzhou, its operation is subject to direct and close supervision and control from the Zhengzhou SASAC, which is the sole shareholder of the Company.

- ***Appointment:*** the appointment of the Company's Party Committee, Board of Directors and management team is made by Zhengzhou SASAC and approved by the Organisation Department of Zhengzhou Municipal Committee (鄭州市委組織部). In accordance with the annual remuneration system, Zhengzhou SASAC approves the annual remuneration of the chairman of the board and other members of the management team based on the results of annual assessment.

- ***Regular assessment:*** Zhengzhou SASAC conducts annual or term-based appraisal on the performance indicators of the Group, including profit, the completeness of investment, the completion of key projects, return on assets, prevention of debt risks as well as cost and expense ratio. The Group endeavours to achieve a series of goals set by Zhengzhou SASAC. Key municipal projects or livelihood projects are jointly assessed by Zhengzhou SASAC and other relevant governmental departments.

- ***Target responsibility system:*** as an urban construction, investment and financing platform instructed by the Zhengzhou Municipal Government, the Group undertakes projects directly assigned by Zhengzhou governmental authorities (namely, Zhengzhou Municipal Investment and Financing Decision Management Commission (鄭州市投融資決策管理委員會), Zhengzhou Municipal Development and Reform Commission (鄭州市發展和改革委員會), Zhengzhou Housing and Real Estate Administration (住房保障和房地產管理局) and Zhengzhou Municipal Finance Bureau (鄭州市財政局)) and is expected to meet the annual targets, which will be assessed by the Zhengzhou SASAC. In addition, the Group enters into a duty agreement with Zhengzhou SASAC relating to the operation and management objective on an annual basis and the Group's performance under such duty agreement is subject to Zhengzhou SASAC's annual assessment.

- ***Regulatory requirements:*** the Group is required to report to Zhengzhou SASAC for approval, among other things, of financial statements, financial and operating budgets, financing plans, investment in non-core business, wealth management products and financial derivatives. As a wholly state-owned enterprise, Zhengzhou SASAC appoints supervisors for the Company, and performs certain supervisory duties over the Company through such person.

The Company's experienced management team has strong ability in decision-making, cooperation and forward-looking, and has responsibility and firm spirit to lead the Group to implement the strategy assigned by the Zhengzhou Municipal Committee and Zhengzhou Municipal Government, which is the key to the sustainable development of the Group. In addition, the Group believes that direct and close supervision from Zhengzhou Municipal Government and Zhengzhou SASAC ensures that the Group's operation is fully aligned with the strategies and goals set by the Zhengzhou SASAC and the Group preserves, integrates and increases the value of state-owned capital and assets.

BUSINESS STRATEGIES

Aligning the mandates from the Zhengzhou Municipal Government and the Group's own development demands, the Group acts as a city constructor, city operator and capital operator with the mission of building a first-class comprehensive construction and operation platform for the national central city (一流國家中心城市綜合建設運營平台). In the near future, the Group plans to focus on the development of business sectors of land consolidation, industrial park operation, urban renovation, asset operation, commercial operation, talent housing, infrastructure construction and surveying and mapping.

The Group will follow the path of high-quality urban development and establish the national central city development and operation platform which takes comprehensive land development as its core. Meanwhile, the Group will actively participate in urban construction as a builder and an operator. As a builder, the Group will strive to make the city a better place through comprehensive land development, housing rental system development, infrastructure construction and industrial construction; as an operator, the Group will strive to effectively integrate urban infrastructure, natural resources, historic sites and other resources through efficient operation, create cultural landmarks and build public service facilities. Committed to creating a colourful living space for the public, the Group will implement the national strategic plan of Yellow River Zone development and Zhengzhou's goal of building a National Central City and strive to support high-quality urban development.

Based on Zhengzhou's 15th Five-Year Plan and the 2035 Long-term Vision, the Group adheres to the general scheme of "focusing on the main businesses, making stable investments, strengthening management and strictly controlling risk". The quality of projects is the Group's top concern. The Group closely follows Zhengzhou Municipal Government's deployment of high-quality development to achieve the following development goals:

Focus on land consolidation business and support Zhengzhou's industrial development

The Group plans to continue advancing ongoing land consolidation projects, focusing on business opportunities in core urban areas. It aims to innovate its operational approaches, improve project efficiency and thereby enhance project profitability.

Develop housing rental system for Zhengzhou

The Group plans to lay more emphasis on housing rental business to assist the government in establishing a housing rental system. As a state-owned enterprise, the Group will act as the stabiliser and facilitator in the development of Zhengzhou's real estate industry, and effectively guide the sustainable and healthy development of Zhengzhou's real estate industry and housing rental industry. For indemnificatory housing rental business, the Group anticipates leveraging the full-chain advantages established in Zhengzhou, encompassing acquisition, renovation, operation, and management, along with its overall management scale and further polish up its brand, "Urban Development Beautiful Apartment" (城發美寓), enhancing brand effectiveness and attracting more new citizens and young people. In addition, the Group plans to establish a professional operation and management system for housing rental in Zhengzhou, research and develop an integrated indemnificatory housing management platform, and introduce a new one-stop online management model with housing application, determination of qualification, joint approval, operational supervision and other functions.

Advance Zhengzhou's urban renovation

The Group plans to focus on the development and construction in key areas and accelerate the construction of key projects such as Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目).

Guarantee the implementation of relocating housing plan

The Group aims for the high-quality and efficient construction of relocating housing projects to ensure earlier move-in date for residents' relocation.

Take on more urban infrastructure construction projects under the infrastructure agency model

The Group plans to continue to expand its business of urban infrastructure construction by taking on more projects under the infrastructure agency model. The Group has recently engaged in construction of college campus and will try to engage with Zhengzhou Municipal Government and Centre for Key Municipal Projects Construction for projects such as kindergarten, schools, hospitals and care centres when appropriate.

AWARDS AND RECOGNITIONS

The Company has received numerous awards and recognitions for its achievements in various areas, including the following recent awards and recognitions:

Year	Awards
2016	Outstanding Platform for Hotline Complaints Process of Zhengzhou
2017	Superior Community for Key Projects Construction of Zhengzhou
	Superior Community for Promotion of Law and the Rule of Law
2018	Superior Community for Key Projects Construction of Zhengzhou
	Superior Community for 11th Zhengzhou International Gardens Exhibition
	Superior Community of Zhengzhou Municipal Governed Enterprises
2019	Workers Pioneer of Zhengzhou Trade Union
	Pioneer Unit in Service Guarantee Work in the 11th China Traditional Sports Games of Ethnic Minorities of State-owned Assets Supervision and Administration Commission of the State Council
2020	Civilised Unit of Zhengzhou
	Target Pioneer Unit of Municipal Administrated Enterprises
2021	Superior Trade Union
	Pioneer Unit for Disciplinary Inspection and Supervision Work of Zhengzhou Municipal Administrated State-owned Enterprises
2022	Outstanding Participating Unit in the Labor Competition for Key Project Construction in Zhengzhou (鄭州市重點項目建設勞動競賽優秀參建單位)

	Advanced Unit of Discipline Inspection and Supervision of Municipal State-owned Enterprises in Zhengzhou in 2021 (2021年度鄭州市市管國有企業紀檢監察工作先進集體)
2023	Outstanding Unit in the Comprehensive Evaluation of Municipal Enterprises in Zhengzhou in 2022 (2022年鄭州市市管企業綜合考評業績優勝單位)
	Advanced Collective of State-owned Enterprise Reform in Zhengzhou (鄭州市國企改革工作先進集體)
	Outstanding Contribution Award for Economic Development in Zhongyuan District in 2022 (中原區2022年經濟發展突出貢獻獎)
2024	Outstanding Participating Unit in the Labor Competition for Key Project Construction in Zhengzhou (鄭州市重點項目建設勞動競賽優秀參建單位)
	National Model Workers' Home (全國模範職工之家)
	Advanced Unit of Trade Union in the Municipal Agricultural and Transportation Construction System in 2023 (2023年度全市農業交通建設系統工會先進單位)

RECENT DEVELOPMENTS

Additional indebtedness since 31 December 2024

The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its business operations and to refinance existing debt. For the three months ended 31 March 2025, the Group incurred indebtedness of approximately RMB2.85 billion, with tenor ranging from one year to 30 years and interest rate ranging from 2.70 per cent. to 4.10 per cent, which includes a series of bonds issuances by the Company and its subsidiaries, including (i) medium-term notes issued in February 2025, in an aggregate principal amount of RMB310 million with interest rate of 2.60 per cent. and a tenor of five years and (ii) corporate bonds issued in March 2025, in an aggregate principal amount of RMB500 million with interest rate of 2.90 per cent. and a tenor of approximately ten years. In addition, the Company, together with its subsidiaries, issued (i) in April 2025, medium-term notes in an aggregate principal amount of RMB408 million with interest of 2.15 per cent. and a tenor of five years, (ii) in June 2025, bonds in an aggregate principal amount of U.S.$350 million with interest rate of 4.90 per cent. and a tenor of three years due in 2028, and (iii) the July 2025 Bonds. Furthermore, subject to the satisfaction of certain conditions, the Issuer will issue, on the Issue Date, the Proposed CNY Bonds.

Financial Performance of the Group as at and for the Three Months Ended 31 March 2025

On 30 April 2025, the Group published its March 2025 Financial Statements on the website of the Shanghai Clearing House (http://www.shclearing.com.cn). As at 31 March 2025, the Group's total assets slightly increased as compared to the balance as at 31 December 2024, primarily driven by growth in long-term receivables and construction in progress, partially offset by a decrease in the Group's cash and cash equivalents. The Group's total liabilities also slightly increased as at 31 March 2025 as compared to the balance as at 31 December 2024, primarily due to an increase in long-term payables and short-term borrowings, partially offset by a decrease in long-term borrowings, non-current liabilities due within one year and accounts payable. For the three months ended 31 March 2025, the Group's operating revenue and operating cost increased significantly as compared to the correspondent period in the preceding year, as a result of the expansion of the Group's rental housing and assets operation businesses. For the three months ended 31 March 2025, the Group incurred operating loss and net loss primarily due to the facts that (i) revenue from the Group's major businesses such as land consolidation, urban infrastructure construction and relocating housing construction are settled by the end of fiscal year and (ii) other income primarily comprising government grants and subsidies and gains on changes in fair value are usually collected or settled by the end of fiscal year.

The March 2025 Financial Statements are not audited or reviewed by any independent auditors. Therefore, they do not provide the same quality of information as the information that has been subject to an audit or review. Potential investors should be cautious if they use or relied upon the information in the March 2025 Financial Statements. The March 2025 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2025. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them makes any representation, warranty or undertaking, express or implied, regarding the accuracy, completeness and sufficiency of the March 2025 Financial Statements. The March 2025 Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See "*Risk Factors — Risks Relating to the Financial Information — Investors should not place any reliance on unreviewed or unaudited financial information*".

DESCRIPTION OF BUSINESS

Focusing on development in Zhengzhou, the Group diversifies its business operations in various sectors, primarily including land consolidation, urban infrastructure construction, assets operation, housing rental, indemnificatory housing allocation and sale, relocating housing construction, real estate development, industrial park development and operation and other businesses. For the years ended 31 December 2022, 2023 and 2024, the Group's total operating revenue amounted to approximately RMB8,991.3 million, RMB9,393.0 million and RMB9,760.4 million, respectively.

The table below sets out a breakdown of the Group's operating revenue by business segment and its respective percentage of the total operating revenue for the periods indicated:

	For the year ended 31 December					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in million, except for percentages)					
Land consolidation	2,318.8	25.8	4,245.7	45.2	3,571.4	36.6
Urban infrastructure construction	1,155.5	12.9	1,802.7	19.2	1,323.3	13.6
Real estate development	728.4	8.1	790.7	8.4	1,445.8	14.8
Relocating housing construction	3,981.6	44.3	1,105.5	11.8	784.1	8.0
Housing rental	172.0	1.9	283.5	3.0	708.9	7.3
Assets operation	81.7	0.9	205.8	2.2	307.8	3.2
Indemnificatory housing allocation and sale	–	–	–	–	179.1	1.8
Industrial park development and operation	–	–	175.1	1.9	382.9	3.9
Others(1)	553.3	6.2	784.0	8.3	1057.1	10.8
Total	**8,991.3**	**100.0**	**9,393.0**	**100.0**	**9,760.4**	**100.0**

Note:

(1) The Group's other businesses primarily consist of management consultation, trading, sale of goods, surveying and mapping, property service and other miscellaneous businesses.

Land Consolidation

As the largest platform for land consolidation in Zhengzhou, the Group has, since its establishment in 2003, undertaken major land consolidation projects in Zhengzhou. The Group primarily operates its land consolidation business through itself and its subsidiaries, Zhengzhou Xiliuhu Holdings Co., Ltd. (鄭州西流湖控股有限公司), Zhengzhou Shangdu Holding Group Co., Ltd. (鄭州商都控股集團有限公司) and Zhengzhou Health Urban Development Co., Ltd. (鄭州健康城市開發有限公司).

Under the authorisation of Zhengzhou Municipal Land Reserve Centre (鄭州土地儲備中心) or the local governments where the projects are located, the Group enters into land consolidation cooperation agreements to arrange for relocation compensation and conduct land primary development. The costs for land consolidation are re-evaluated each year. The Group would deliver the land to the authorising governmental body once the land has been fully consolidated. Zhengzhou Municipal Finance Bureau will generally make payments to the Group for its costs and the agreed rate of return within three years after the projects are completed. To implement Zhengzhou Municipal Government's plan, the Group takes an active role in undertaking key municipal land consolidation projects through primary land development and hereby adding to the overall regional land value. The revenue of each project is normally calculated at the end of each year based on the total investment cost confirmed by the authorising governmental body plus a rate of return. For this particular reason, the revenue of the Group dwells largely upon the latter half of the calendar year.

The general process of land consolidation could be divided into four phases: preliminary design, project finalisation, project cost and revenue settlement, and collection of project receivables. For the phase of preliminary design, the Group and Zhengzhou Municipal Land Reserve Centre will jointly negotiate and set out the preliminary land development scheme; for the phase of project finalisation, once the preliminary land development scheme is approved by relevant governmental authorities, the Group will be officially authorised by Zhengzhou Municipal Land Reserve Centre or the local governments where projects are stationed to initiate land consolidation work and sign cooperation agreement; for the phase of project cost and revenue settlement, most of the land consolidation projects stipulate an annual accounting mechanism to gauge investment cost, and once the project becomes deliverable, the Group would transfer the consolidated land to the authorising party and settle investment costs and revenue; for the phase of collection of project receivables, once Zhengzhou Municipal Land Reserve Centre or the local governments receive the appropriated capital from municipal or local finance bureaus, they will pay for the project receivables the Group has recorded hereunder. All development costs and returns will normally be settled within three years and no more than five years under special circumstances, from the project completion by Zhengzhou Municipal Finance Bureau.

As the key municipal land developer in Zhengzhou, the Group has completed a number of major municipal land reorganisation and development projects and established strategic cooperation with many local counties on their respective land consolidation plans. In this way, a new operating model was created with the governments taking the lead and the state-owned enterprises managing the daily operation in Zhengzhou. Key land consolidation projects that the Group has engaged in include West Square of Zhengzhou Railway Station Project (鄭州火車站西廣場項目), Expansion of Jingguang Road (京廣路拓寬改造), Jingsha Express Project (京沙快速項目) and Longhai Road Express Project (隴海路項目). The Group also has key projects under construction including Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目), Zhengzhou Xingyang Health Park Land Development Project (鄭州滎陽健康園土地一級開發項目), Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目) and Jindai Kechuang City Urban Renewal Project (金岱科創城城市更新項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its land consolidation business of approximately RMB2,318.8 million, RMB4,245.7 million and RMB3,571.4 million, respectively, representing approximately 25.8 per cent., 45.2 per cent. and 36.6 per cent., respectively, of the Group's total operating revenue for the same periods.

Representative Land Consolidation Projects

Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目)

Zhongyuan New District Comprehensive Land Consolidation Project covers west of the West Nanshui Road, south of the Zhengxi High-speed Rail and both sides of the West Zhongyuan Road. Entrusted by Zhengzhou Municipal Land Reserve Centre and the Zhongyuan District Government of Zhengzhou Municipality (鄭州市中原區政府), the Group has entered into the Zhengzhou Zhongyuan New District Primary Land Development Work Agreement (鄭州市中原新區土地一級開發工作協議) with Zhongyuan District Government of Zhengzhou Municipality. With the Zhengzhou Municipal Government's approval, the Group completed comprehensive land consolidation work of 12 administrative villages in the areas of Xushui (須水) and Xiliu Lake (細流湖) with a construction area of approximately 21,202 mu. The Group also undertakes demolition compensation and relocation to provide the government with land which is ready for construction. The revenue generated from the project consists of investment cost (not including capitalised interest) plus a return of 10 per cent.

Zhengzhou Xingyang Liveable Health Park Primary Land Development Project (鄭州滎陽市宜居健康園土地一級開發項目)

This project is a comprehensive primary land development project aiming to establish Xingyang Liveable Health Park into a medical health themed park with a nationwide influence, a medical health assembly site serving the central economic district and a harmonious liveable park leading the increasing inclusiveness of Zhengzhou. Located in Xingyang (滎陽市), the project is positioned as the health themed demonstration area, integrated medical health functional area and ecological health and liveable new urban district, and will carry out the functions of promoting medical health, science and education research, cultural tourism, commercial business and ecological livelihood. Taking medical health as the primary industry, a number of industries would be gathered and consolidated in this project, including but not limited to medicine, elderly care and cultural tourism. The Group entered into Zhengzhou Xingyang Liveable Health Park Primary Land Development Project Agreement with Xingyang Municipal Government and initiated the construction work in October 2015 with a total investment of approximately RMB23.00 billion. The Group is responsible for comprehensive development of collectively-owned land, farmland and construction land within the area, construction of infrastructures including roads, parks and greening landscape, and provision government land which is ready for construction. The revenue generated from the project consists of investment cost plus a return of 18 per cent.

Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目)

Shangdu Historic Cultural Area Comprehensive Land Consolidation Project was jointly authorised by Zhengzhou Municipal Government and Zhengzhou Municipal Land Reserve Centre and supported by State Administration of Cultural Heritage (國家文物局) and Henan Provincial Government. Shangdu historic cultural area ranked as the top of the four cultural districts of Henan province with over 3,600 years of history. The Shangdu archaeological site was among the first batch of major historical and cultural protection sites at the national level. With an enclosed urban central area of approximately six square kilometres, the Shangdu historic cultural area was planned to be constructed as a world class metropolitan cultural and creative tourism demonstrative zone that combines historical, cultural, creative, artistic and technological elements through the protection and development of the Shangdu archaeological site. Entered into the Zhengzhou Shangdu Historic Cultural Area Land Comprehensive Treatment and Development Agreement (鄭州市商都歷史文化區土地綜合治理開發協議) with Guancheng District Government of Zhengzhou Municipality (鄭州市管城區政府) and Jinshui District Government of Zhengzhou Municipality (鄭州市金水區政府), the Group established a project company to implement land consolidation work. The consolidation work includes restoration, protection and development of historic relic sites, establishment of Shangdu Relics Museum and Institute of Cultural

Relics, encompassing a total of approximately 2.98 square kilometres of enclosed area for comprehensive demolition and relocation. From the perspectives of culture remedy, culture recovery, ecological restoration and city betterment, the project is of essence for Zhengzhou Municipal Government to protect the root of Zhengzhou, reshape the spirit of Zhengzhou, upgrade the image of Zhengzhou, improve the urban function of Zhengzhou as well as increase the cultural confidence of Zhengzhou. Upon completion of the land consolidation, Zhengzhou Municipal Government has authorised the Group to preside over the subsequent commercial operation and cultural and tourism development. Zhengzhou Municipal Government will proceed to introduce high quality investment into the Shangdu historic cultural area, combine the protection of historic relics and cultural development in order to establish the area into the benchmark of "national historic cultural street areas, excellent culture protection and heritage as well as cultural succession", and to further build the area into the "living room of Zhengzhou, the destination of cultural tourism in central China and the postcard of Chinese culture". The project will also build a world-class root-seeking place for the Yellow River civilisation and the destination for sightseeing. To promote tourism through culture, to prosper commerce through tourism, to inherit culture through commerce, the project aims to establish a new industry forms and cultural fashion of combination of "culture+", "tourism+", "commerce+" and "city+". The project is expected to complete in 2026 with a total investment of approximately RMB11.6 billion.

Jindai Kechuang City Urban Renewal Project (金岱科創城城市更新項目)

Jindai Kechuang Area (金岱科創片區) is one of the core plots in Zhengzhou City, located in the enclosed by the South Third-ring Express (南三環), South Fourth-ring Express (南四環), Zichen Road (紫辰路) and Jindai Road (金岱路) closure area, with outstanding transportation advantages and prominent gateway status. The project area is about 5.3 square kilometres and will be upgraded around the goal of "modern science and technology city, demonstration zone of new and old industry integration and innovative development", focusing on cultivating and developing two new industries of intelligent construction and intelligent taxation.

As an entity of municipal land consolidation, the Group has established the implementation body together with Guancheng District Government of Zhengzhou Municipality to carry out regional planning, land acquisition and reserve, supporting infrastructure, park greening, public support and other related construction. The Group also carries out simultaneous investment and operation work in accordance with the industrial positioning of the park. The Group's goal is to create a closed-loop of "land operation + capital operation + industry introduction + park operation", so that the ecological and infrastructural facilities are perfected and the industry is introduced effectively, and the organic integration of production, livelihood and ecology can be achieved.

Projects Descriptions

Completed Projects

As at 31 December 2024, the Group completed three major land consolidation projects with a total invested amount of approximately RMB6,708.5 million. The table below sets out particulars of these projects:

Projects	**Total invested amount**	**Construction period**
	(RMB in million)	**(Year)**
Jingsha Express Project (京沙快速項目)	2,834.4	2009 – 2014
Longhai Road Express Project (隴海路項目)	3,518.7	2012 – 2016
Changxi Lake New District Project (常西湖項目)	355.4	2011 – 2016
Total	**6,708.5**	

Projects under Construction

The table below sets out particulars of the Group's major land consolidation projects under construction as at 31 December 2024:

Projects	Estimated total investment	Total invested amount	Construction period
	(RMB in million)		(Month-Year)
Shangdu Historic Cultural Area Comprehensive Land Consolidation Project (商都歷史文化區綜合整治項目)	11,600.0	10,497.7	July 2014 to September 2026
Zhongyuan New District Comprehensive Land Consolidation Project (中原新區土地綜合整治項目)	13,930.1	11,446.9	October 2015 to October 2025
Zhengzhou Xingyang Liveable Health Park Primary Land Development Project (鄭州滎陽宜居健康園土地一級開發項目)	23,000.0	7,643.8	January 2012 to December 2027
Jindai Kechuang City Urban Renewal Project (金岱科創城城市更新項目)	6,442.0	992.6	June 2021 to June 2028
Total	**54,972.1**	**30,581.0**	

Urban Infrastructure Construction

As a driving force of urban infrastructure construction in Zhengzhou, the Group shoulders its mandate of serving for the public good and actively participates in urban infrastructure construction in Zhengzhou, primarily including the construction of key provincial and municipal road and schools. Undertaking urban infrastructure construction projects in Zhengzhou in accordance with the unified arrangement of the Zhengzhou Municipal Government, the Group mainly focuses on the construction of roads, bridges, schools, ecological water systems and multiple infrastructure and public service facilities, all of which contribute to building Zhengzhou into the city with better transportation, enriched culture and artistic atmosphere, nature-friendly environment, and improved livelihood.

Urban infrastructure construction projects have long construction life cycles and require substantial capital investment. In order to balance the investment in infrastructure construction projects and ensure that the construction can be carried out smoothly, the main business models in urban infrastructure construction business include the project construction model (工程施工模式) and the infrastructure agency model (基礎設施代建模式). Over the years, the Group has led the construction of a large number of urban infrastructure projects of strategic and economic significance to Zhengzhou, including Zhengzhou Jingsha Jingguang Express Project (鄭州京沙京廣快速路), Zhengzhou Southern Third-Ring Eastern Side Viaduct Project (鄭州市南三環東延線(南台路—107輔道)), Su Manor Balang Stockade Village Project (蘇莊八郎寨項目), Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程項目). For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its urban infrastructure construction business of approximately RMB1,155.5 million, RMB1,802.7 million and RMB1,323.3 million, respectively, representing approximately 12.9 per cent., 19.2 per cent. and 13.6 per cent., respectively, of the Group's total operating revenue for the same periods.

Project Construction Model

Under project construction model, the Group obtains urban infrastructure construction projects or PPP projects through independent participation in project bidding procedures. After winning the bid, the Group will enter into project construction agreements with the principals which generally stipulate construction work, term of construction and payment arrangement. The Group will then organise public bid for raw material suppliers in order to control the quality and prices of raw material. Before construction, a rate of total agreement price will be agreed. After the commencement of construction, the principal would make payments in accordance with the progress of the construction. The balance will be made upon the completion of construction and audit of accounts. The Group operates infrastructure construction business under project construction model primarily through its indirectly wholly-owned subsidiary Zhengzhou Urban Construction Group Investment Co., Ltd. (鄭州城建集團投資有限公司), which obtains first level professional qualification of foundation engineering contracting (地基基礎工程專業承包一級資質), third level qualification of general contracting of municipal public projects (市政公用工程總承包三級資質) and third level qualification of general contracting of construction project engineering (建築工程施工總承包三級資質). Key projects conducted under this project construction model include Southern Fourth-Ring Express Construction Engineering (南四環快速化施工工程), Third Ring Road (Nantai Road-G107 Frontage Road section) (南台路—G107輔道段三環路), Yuxiang Road-Ping'an Avenue National Highway (育翔路—平安大道段國道), Science and Technology Museum Project (科技館項目), South Four Rings Project (南四環項目), Liu Gou Project (柳溝項目), Zhongyuan New Area Northern Section Project (中原新區北部片區項目) and Jialu River PPP Project Phase II (賈魯河二期PPP項目).

An example under this project construction model is Southern Fourth-Ring Express Construction Engineering (南四環快速化施工工程) with five project starting points and 278 pile foundations. The project was commenced in June 2019 and completed in June 2020 with a total investment of approximately RMB77.68 million.

Another example under the project construction model is the construction of Yuxiang Road-Ping'an Avenue National Highway (育翔路 — 平安大道段國道). The project was commenced in April 2016 and completed in June 2020 with a length of approximately 2,473 metres and a total investment of approximately RMB214.4 million.

Infrastructure Agency Model

Projects constructed under infrastructure agency model are primarily conducted by the Group itself and its subsidiaries, Zhengzhou Shangdu Holding Group Co., Ltd. (鄭州商都控股集團有限公司) and Zhengzhou Urban Construction Group Investment Co., Ltd. (鄭州城建集團投資有限公司).

The Group commenced its urban infrastructure construction through the infrastructure agency model since 2014. The Zhengzhou Municipal Government and other local governmental authorities consign the Group to infrastructure projects, where the government would provide initial capital for preliminary stage and the Group will make investment according to construction milestones as the project unfolds. The corresponding government funding would be granted in line with the overall project progress. In accordance with the infrastructure construction projects investment plan issued by the relevant governmental bodies each year, the Group is entrusted by the government, as the main construction entity, to undertake projects, organise the project bidding process and be in charge of the whole-process management including the investment, construction, quality control, safety and environment protection. According to the overall budget and construction progress of each project, the revenue generated from each project is normally calculated based on the total investment cost confirmed by the authorising governmental body plus a rate of return.

Since 2021, Zhengzhou Key Project Construction Centre (鄭州市重點項目建設中心) appoints the Group for construction management for the projects invested by the government itself. The projects conducted under such model are primarily construction of schools. The Group is responsible for construction organisation and supervision and procurement of major materials and equipment until the project is completed and handed over according to the approved preliminary design and budget estimate as well as the approved construction plan provided by the user. The Group also provides warranty services. The construction funds of the projects are allocated by the relevant municipal finance departments, and the Group receives 70 per cent. of the approved construction unit management fee as return, with an additional bonus of no more than four per cent. of the project construction costs if the project is awarded the Quality Engineering Award.

An example under the infrastructure agency model is Su Manor Balang Stockade Village Project (蘇莊八郎寨項目). Commenced in 2014, the project was primarily focused on the construction of settlement area of villagers of Su Manor and Balang Stockade Village in Guancheng Hui District (管城回族區), which is located in the southeast of Zhengzhou. The project is of essence to the urban construction of Guancheng Hui District in Zhengzhou, helping improve the life quality and livelihood of villagers, enhance the overall image of Zhengzhou and promote the modernisation as well as economic and social development of Zhengzhou.

Another example under the infrastructure agency model is Zhengzhou Southern Third-Ring Eastern Side Viaduct Project (鄭州市南三環東延線(南台路—107輔道)). Located in southeast of the centre of Zhengzhou, the project starts from Zhongzhou Avenue (中州大道) and ends at Eastern Third-Ring (東三環) in an east-to-west direction with a length of approximately 6.9 kilometres. In a south-to-north direction, the project starts from Hanghai Road (航海路) and ends at Southern Third-Ring (南三環) with a length of approximately 2.8 kilometres. The project is designed to build nine on-and-off ramps (上下匝道) and six overpass ramps (立交匝道) of the bridge. The main body of the bridge comes across Seventeen Miles Lake (十七里河) with a length of approximately 140 metres and a width of approximately 47 metres. This project was consigned by Zhengzhou Municipal Government in 2015 with a planned total investment of approximately RMB3.21 billion. The project is designed to facilitate the transportation of Zhengzhou third ring express. Upon completion of this project, a driver could tour around Zhengzhou within half an hour. The project is a key component of the construction of "grillage shape + ring shape" main expressway network in Zhengzhou and a significant milestone in contributing to build Zhengzhou into a national central city.

Another example under the infrastructure agency model is Zhengzhou No. 56 Middle School (五十六中). Commenced in December 2021, the project was designed to the Group with a GFA of approximately 81,243.00 square metres and a total investment of approximately RMB417.91 million. It will accommodate 60 classes of 3,300 students upon completion.

Another representative project under the infrastructure agency model is Jingguang Road-Shakou Road Express Venue Project (京廣路—沙口路快速通道項目). This project is one the projects included in "Zhengzhou Urban Comprehensive Transportation Recent Construction Planning" (《鄭州市城市綜合交通近期建設規劃》). It runs through the north and south of the main urban area of Zhengzhou, forming the one vertical route in the "one ring, two horizontals, and one vertical" (一環兩橫一縱) urban expressway system of Zhengzhou.

Projects Description

Completed Projects

As at 31 December 2024, the Group completed four major urban infrastructure construction projects with a total invested amount of approximately RMB6,989.0 million. The table below sets out particulars of these projects:

Projects	**Total invested amount**	**Construction period**	**Industry**
	(RMB in million)	**(Year)**	
Jingguang Road-Shakou Road Express Venue Project (京廣路—沙口路快速通道項目)	2,894.0	2011-2013	Public facilities
Zhengzhou Hanghai Road-Western Third Ring Interchange (鄭州市航海路—西三環立交)	765.0	2010-2012	Public facilities
Su Manor Balang Stockade Village Project (蘇莊八郎寨項目)	1,508.0	2014-2024	Public facilities
School Agency Construction Projects (seven in total) (學校代建項目(七個))	1,822.0	2021-2024	Public facilities
Total	**6,989.0**		

Projects under Construction and in Pipeline

The table below sets out the Group's certain major urban infrastructure construction projects under construction and in pipeline as at 31 December 2024:

Projects	**Estimated total investment[(1)]**	**Total invested amount**	**Industry**	**Total length/GFA**
	(RMB in million)			**(metres/square metres)**
Westward Expansion of Zhengzhou Jinshui Road Project (鄭州市金水路西延工程)	1,330.6	2,121.4	Public facilities	5,750.0
Zhengzhou Southern Third-ring Eastern Side Viaduct Project (鄭州市南三環東延線(南台路—107輔道)工程)	3,213.9	4,372.4	Public facilities	6,428.4
Western Third-ring North Expansion Project (西三環北延(科學大道—北四環)工程)	336.7	558.7	Public facilities	7,005.0
Construction of Overpass between National Road 107 and Jingbei Fourth Road Construction Project (國道107與經北四路互通式立交新建工程)	600.1	576.4	Public facilities	4,175.0
Several Municipal Roads Project (including Northern Third-ring Eastern Expansion) (市內多條支線路網(含北三環東延))	2,760.1	2,637.9	Public facilities	26,779.0
Xincheng Road, Xinyuan Road, and Changxing Road of Huiji District (惠濟區3條路(新城路、新苑路、長興路))	295.2	386.6	Public facilities	7,753.0
Total	**8,536.6**	**10,653.4**		

Note:

(1) Total estimated investment was planned in early stage of projects and the total investment is subject to further adjustment according to actual situations. For this particular reason, the amount of total investment as at 31 December 2024 might exceed the total estimated investment.

Assets Operation

The Group takes an active role in construction and operation of municipal assets including public facilities such as urban parking lots, historical sites, cultural venues as well as industrial parks. The Group also has the right to operate and manage key municipal assets through the PPP model and undertakes several urban public infrastructure construction projects.

The operating model for assets operation has been changing over the years. From 2010 to 2015, the Group mainly relied on assets and capital injection from the local governments and conducted assets operation and in turn received relevant maintenance fees. From 2015 to 2016, the Group entered into service purchase agreement with Zhengzhou Municipal Finance Bureau, where Zhengzhou Municipal Government paid for operating and maintenance services provided by the Group on public facilities owned by the Group. Starting from 2017, due to the change of national regulations on governmental purchase, the operating model shifts to PPP model and user-to-pay model. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its assets operation business of approximately RMB81.7 million, RMB205.8 million and RMB307.8 million, respectively, representing approximately 0.9 per cent., 2.2 per cent. and 3.2 per cent., respectively, of the Group's total operating revenue for the same periods.

PPP Projects Operation

PPP is a long-term arrangement between the public sector and the private sector for provision of municipal infrastructure. Under the PPP model, the public sector and the private sector establish a project company to finance and build the municipal infrastructure, and operate and maintain such facility pursuant to a cooperation contract. The terms for such cooperation agreements are typically 15 years. After the expiry of the cooperation period, the project company transfers such infrastructure to the public sector or any other entity designated by it without any compensation. Financing for the project partly comes from the private sector but also relies on payments from the public sector and/or uses during the cooperation period. The key projects that the Group undertakes under the PPP model primarily include Zhengzhou Third-Ring Express Project (鄭州市三環路快速化工程項目) and Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程). For the years ended 31 December 2022, 2023 and 2024, recognised revenue generated from PPP projects operation of approximately RMB27.5 million, RMB27.5 million and RMB73.1 million, respectively.

Zhengzhou Third-Ring Express PPP Project (鄭州市三環路快速化工程項目)

Under the authorisation of Zhengzhou Municipal Government, Zhengzhou Municipal Urban and Rural Construction Bureau operates Zhengzhou Third-Ring Express PPP Project under "Transfer-Operate-Transfer" ("**TOT**") model. After winning the public bidding, the Group would be responsible for the purchase of the project company, Zhengzhou Urban Development Huantong Industry Co., Ltd. (鄭州城發環通實業有限公司, "**Zhengzhou Huantong**"). The purchase of all equity interests of Zhengzhou Huantong was completed in May 2017. In June 2017, Zhengzhou Huantong entered into Zhengzhou Third-Ring Express PPP Project Agreement with the Zhengzhou Municipal Urban and Rural Construction Bureau with a term of 15 years. According to the agreement, Zhengzhou Huantong would be responsible for the repurchase, operation and maintenance of project facilities. The repurchase cost of approximately RMB5.90 billion was undertaken by Zhengzhou Huantong. Zhengzhou Huantong is entitled to charge services fee for its provision of operation and maintenance of facilities in the Third-Ring Express project, rainwater project and greening project. The services fee consists of (i) availability service fee and (ii) operation and maintenance fee paid by Zhengzhou Municipal Government in instalments in 15 years. Among them, the availability service fee is calculated based on the repurchase costs of this project, while the operation and maintenance fee is determined by the GFA of maintained roads and greening areas as well as the fee standard ratified by the Zhengzhou Municipal Finance Bureau. At the end of 15-year term, the project will be transferred to the entity designated by Zhengzhou

Municipal Government. Since 2021, in accordance with revenue standards and the explanation of enterprise accounting standards, though the Group will receive the annual fee in accordance with the relevant agreement, the availability service fee received by the Group under this project was recorded as interests income while only operation and maintenance fee generated from this project was recognised as the revenue under assets operation business.

Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程)

The construction of Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project is one of the representative water network projects in Zhengzhou. Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project was operated under Build-Operate-Transfer ("**BOT**") model. In June 2018, the Company's indirectly controlled subsidiary, Henan Urban Development Ecological Environment Treatment Co., Ltd. (河南城投生態環境治理有限公司, "**Henan Ecological Environment**"), entered into Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening PPP Project Agreement with Zhengzhou Municipal Water Resources Bureau (鄭州市水利局) with a term of 15 years and 4 months. Under the agreement, Henan Ecological Environment would undertake financing, investment, construction and operation of the project and be entitled to obtain government subsidies. At the end of the term, the project would be transferred to Zhengzhou Municipal Water Conservancy Bureau or other designated entities without consideration.

Jialu River, known as "Mother River of Zhengzhou (鄭州市母親河)", originates at the border of Xinmi (新密) and Xingyang (滎陽), flows through the western and northern parts of Zhengzhou and exits in the eastern part of Zhengzhou, encircling the urban area of this city. This river plays a critical role in sustaining Zhengzhou's ecosystem. This project aims to make Jialu River a river featuring safety, beautiful landscape, vital ecology, community well-being and cultural continuity, thereby improving Zhengzhou's appeal and making Zhengzhou more and more ecological and liveable.

There are two phases in Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project, where Phase I focuses on dredging and clearance of the river, expansion of watercourse and improving water quality, and Phase II focuses on afforestation of riverbanks and building of gardens and theme parks along riverbank. Since 2021, the Group has recognised revenues generated from urban infrastructure construction business under project construction model in accordance with the progress of each project. After the completion of the two phases, the Group is responsible for the management and operation of the project and would recognise revenues generated herein. In addition, the Group obtains construction investment subsidies and operation-and-maintenance subsidies in accordance with the agreement. Furthermore, Henan Ecological Environment is entitled to obtain payments from users to supplement its return in this project.

Municipal Public Service Assets Operation

The Group actively participates in exploring key urban operational assets to establish a business structure with a stable source of operating revenue. The key projects that the Group has engaged in construction and operation include Olympic Sports Centre (奧林匹克體育中心), Zhengzhou Opera Centre (鄭州大劇院), Zhengzhou Civic Centre (鄭州市民活動中心), Zhengzhou Niukouyu Yellow River Channelling Project (牛口峪引黃工程), Shifo Settling Basin Ecological Water Supply Project (石佛沉砂池生態供水項目). Under the user-to-pay model, upon completion of construction of projects, certain assets will be recognised as the Group's operational assets upon completion of construction and the Group generates revenue from operating and managing such assets.

Zhengzhou Olympic Sports Centre Project (奧林匹克體育中心), Zhengzhou Opera Centre (鄭州大劇院) and Zhengzhou Civic Centre Project (鄭州市民活動中心)

In accordance with Meeting Minutes of Zhengzhou Municipal Government Regarding Related Questions on Four Centre Projects Construction in Civic Public Cultural Service Area (鄭州市人民政府關於市民公共文化服務區四個中心項目建設有關問題的會議紀要), the Zhengzhou Olympic Sports Centre and Cultural Artistic Centre (文化藝術中心) (including Zhengzhou Opera Centre and Zhengzhou Civic Centre) was transferred as Company's assets upon completion. The Group builds those projects and is responsible for its management and maintenance. The Group would arrange for usage agreement for user fees with potential users, including government agencies and departments when the project is completed to recoup for preliminary investment and profit.

Olympic Sports Centre is the sole sports centre in Zhengzhou eligible to hold large-scale domestic comprehensive sports events and international A-level individual sports events. The total investment was approximately RMB7.66 billion. The project was completed in December 2021, and Zhengzhou Municipal Government will pay rental fee for the usage of the venues while the Group is responsible for the daily management. The Group entered into agreement with the Zhengzhou Municipal Bureau of Sports with regards to the rental scheme and operation plan of the Olympic Sports Centre. The project contributes as a significant sector for municipal assets operation. The Zhengzhou Olympic Sports Centre, with a construction area of approximately 573,600 square metres, also successfully held many major events at home and abroad including the 11th National Traditional Games of Ethnic Minorities of China and the final games of World Table Tennis Championships. Comprised of a sports square, a sports stadium and a swimming stadium, all of which qualified for class-A venues, the Zhengzhou Olympic Sports Centre would serve as an important function for public cultural activities and emerge as a new landmark for Zhengzhou. The Group generates the revenue from the operation and maintenance of the Zhengzhou Olympic Sports Centre primarily through four ways: (i) revenue generated from the market-oriented operation, such as shows, performances and exhibition; (ii) revenue generated from other facilities such as shops, cinema, hotel, theatre and parking lot; (iii) revenue generated from renting through holding sports games and other events designated by the government; and (iv) revenue generated from civic fitness. In accordance with the operation method of "overall leased by the government + market-oriented operation", Zhengzhou Municipal Finance Bureau pays lease fees annually for civic free fitness areas. The remaining stadium and facilities are operated by the Group in accordance with market-oriented principles.

Zhengzhou Opera Centre and Zhengzhou Civic Centre are located to the east of Central Cultural District. Zhengzhou Opera Centre consists of six functional districts which include the new hall of Zhengzhou Science and Technology Museum, the Acrobatics Hall, the Mass Art Centre, the Woman and Children Centre, the Youth and Children Development Centre and Health Centre. Zhengzhou Civic Centre is a comprehensive culture and sports centre with integrated functions of science and technology centre, acrobatics hall, mass art centre, youth and children development centre, woman and children centre, and health centre. In 2023, Zhengzhou Olympic Sports Centre and Cultural Artistic Centre have come into trial operation and later fully into operation in 2024. For the year ended 31 December 2023, the Group generated revenue of approximately RMB60.0 million from the trial operation of these two centres and proximately RMB76.1 million from the operation of these two centres for the year ended 31 December 2024.

Zhengzhou Niukouyu Yellow River Channelling Project (牛口峪引黃工程)

Zhengzhou Niukouyu Yellow River Channelling Project is part of the West to East Water Conversion Project (西水東調工程) and a key component of the "Six Verticals, Six Horizontals and Three Lakes" (六縱六橫三湖) lake network ecology. The project is a comprehensive engineering that is primarily designed for urban water supply in Zhengzhou and helping improve the environment of Zhengzhou. The project is divided into three parts, namely water source project, water transmission project and Xingyang branch project. This project was initiated as a key provincial project in 2014 under Zhengzhou Municipality Ecological Water System Upgrade Plan and was put into operation in 2023. The price of water supply and the annual fee is designated by Zhengzhou Water Resources Bureau in accordance with Measures for the Management of the Water Supply Price of Water Resources Projects (水利工程供水價格管理辦法) and relevant documents as well as taking water supply demand, total investment and operational fee into consideration. In 2022, Zhengzhou Niukouyu Yellow River Channelling Project was put into trial operation and the Group entered into water trial supply agreement with Zhengzhou Water Resources Bureau. As at the date of this Offering Circular, this project has completed construction and come into operation. For the years ended 31 December 2022, 2023 and 2024, the revenue generated from the water supply services of this project were approximately RMB36.9 million, RMB64.6 million and RMB102.1 million, respectively.

Smart Parking Lot of Henan Provincial Hospital Project (省醫停車場特許經營項目)

The Group cooperates with Henan Provincial People's Hospital in this project to improve the parking efficiency and make full use of underground space resources in the hospital and its surroundings. The project is carried out through BOT model, in which the Group undertakes the construction, development and further operation of the parking lots with commercial, fire-control, civic air defense and smart appliance and facilities. The total GFA of the project amounts to approximately 81,300 square metres with a total estimated investment of approximately RMB851.00 million. As at 31 December 2024, approximately RMB450.0 million was invested in the project. According to the cooperation agreement with Henan Provincial People's Hospital, the Group has obtained a 42-year franchise right, of which two years for construction and 40 years for operation. During the operation period, operating revenue generated from the parking lots, commercial and other supporting facilities will be recorded by the Group. After the expiry of the operation period, the project will be transferred to the Henan Provincial People's Hospital.

Shang Dynasty Imperial City Archaeological Site Project (Land Parcels No. 1–6) (商代王城遺址項目)

The Zhengzhou Shang Dynasty Imperial City Archaeological Site is the largest existing capital city site in the world. The existing 7-kilometer-long loam wall is the core cultural carrier of Zhengzhou which was one of the eight ancient capitals. It also provides an important cultural support in building Zhengzhou into an innovative demonstration zone for Huaxia historic cultural heritage and a national central city. Concentrated with Shang Dynasty Imperial City Archaeological Site, a Confucian Temple in the Eastern Han Dynasty, Chenghuang Temple in Ming Dynasty and many other well-known historic cultural sites, the Zhengzhou Shang Dynasty Imperial City Archaeological Site Project contains diversified elements including commercial services, cultural creativity and characteristic streets. The project is developed based on the Zhengzhou Shang Dynasty Imperial City Archaeological Site with a planned site area of approximately 368.96 mu and a total GFA of approximately 348,340.0 square metres, totalling six parcels of land, i.e., Xiyang Building Area, South College Street Area, North College Street Area, Two Colleges (Phase II) Area, Old Tawan Street Area and Bodu Historic Alley Area. As the leading project of the "Two Belts, One Core" cultural layout in Zhengzhou and a key component of the Zhengzhou-Kaifeng-Luoyang "Three Cities, Three Hundred Miles, Three Thousand Years" golden culture travel belt, the project is based on the positioning of "organising cultural links, telling cultural stories and building cultural boutiques". The total estimated investment of the project amounts to approximately RMB9.8 billion and approximately RMB1.8 billion was invested as at 31 December 2024.

Jindai Intelligent Industrial Park Project (Self-owned Portion) (金岱智慧產業園項目(自持部分))

The Jindai Intelligent Industrial Park Project is one of "Three Batch" (三個一批) key projects in Henan Province and Zhengzhou, and the provincial key project in 2022 designated by Henan Provincial Development and Reform Commission (河南省發展和改革委員會). Initiated under the Group's cooperation with Guancheng District of Zhengzhou Municipality (鄭州市管城區政府), the Jindai Intelligent Industry Project is planned to focus on two leading industries, including smart manufacture and digital information in new generation, which will further boost the development of Zhengzhou industries in high quality and high value. The Group undertakes the investment, construction and operation of the project. In April 2022, the Group won the auction of the Hengye land, a demonstrative zone for small-and-micro-sized enterprises, with a total site area of approximately 136 mu and a total planned GFA of approximately 278,000.00 square metres. The aboveground buildings include plants, research and development buildings and other ancillary buildings, and the underground construction mainly focuses on parking lots.

According to the policy of Zhengzhou Municipal Government and Henan Provincial Government to optimise industrial land, the Group is required to own not less than 50 per cent. of the area of new industrial land projects. As such, 50 per cent. of this project is self-owned by the Group. The Group generated revenue from the self-owned area of industrial park from lease of plants and other ancillary facilities as well as operation of the park. Such revenue is recognized as being generated from assets operation business of the Group. For the rest of the areas not owned by the Group, the Group generated revenue from sales of plants and properties, which is recognised and classified as revenue from the industrial park development and operation business of the Group. For details, please see "*Industrial Park Development and Operation*".

Projects Description

Projects Under Operation

As at 31 December 2024, the Group completed six major assets operation projects with a total invested amount of approximately RMB28,450.7 million. The table below sets out particulars of these projects:

Projects	Total invested amount	Industry	Total length/GFA
	(RMB in million)		(metres/square metres)
Zhengzhou Niukouyu Yellow River Channelling Project (鄭州市牛口峪引黃工程)	3,328.0	Ecological system	/
Zhengzhou Olympic Sports Centre (奧林匹克體育中心)	7,655.5	Public facilities	584,105.9
Cultural Artistic Centre (Zhengzhou Opera Centre and Zhengzhou Civic Centre) (文化藝術中心(鄭州大劇院、鄭州市民活動中心))	4,870.0	Public facilities	3,370,000.0
Jindai Intelligent Industrial Park Project (Self-owned Portion) (金岱智慧產業園項目(自持部分))	770.0	Industrial park	103,600.0
Zhengzhou Jialu River Comprehensive Treatment and Ecological Greening Project (鄭州市賈魯河綜合治理生態綠化工程)	5,926.2	Ecological system	60,370.0
Zhengzhou Third-Ring Express PPP Project (鄭州市三環路快速化工程項目)	5,901.0	Public facilities	26,200.0
Total	**28,450.7**		

Projects under Construction and in Pipeline

The table below sets out particulars of the Group's certain major assets operation projects under construction and in pipeline as at 31 December 2024:

Projects	Estimated total investment	Total invested amount	Industry
	(RMB in million)		
Shang Dynasty Imperial City Archaeological Site Project (商代王城遺址項目)	9,800.0	1,800.0	Cultural Business Facilities
Urban Development Centre Financial Industrial Park (城發中心金融產業園)	1,000.0	606.9	Industrial Park
Zhengkai Intelligent Industry (Self-owned Portion) (鄭開智慧產業園)[1]	350.0	100.1	Industrial Park
High-tech Biology Economy Industrial Park (Self-owned Portion) (高新生物經濟產業園)[1]	1,004.0	83.9	Industrial Park
Total	**12,154.0**	**2,590.9**	

Note:

(1) The revenue generated from the self-owned portion of this project will be recognised and classified as revenue from the assets operation business of the Group, and the revenue from the non-self-owned portion will be recognised and classified as revenue from the industrial park development and operation business of the Group.

Housing Rental

As the sole municipal housing rental operation platform designated by Zhengzhou Municipal Government, the Group is responsible for operation of indemnificatory housing rental (including talent apartments) as well as the operation of municipal public housing rental in Zhengzhou, and has received strong support from the government. The Group primarily conducts its housing rental business through its member company, Zhengzhou Chengfa Anju Technology Co., Ltd. (鄭州城發安居科技有限公司).

For municipal public housing rental, the Group is the sole operator and enjoys the industry monopoly in Zhengzhou. From 2013 to June 2022, Zhengzhou Municipal Government transferred public rental housing (approximately 59,873 sets of public rental apartments in aggregate with a total GFA of approximately 3.2 million square metres which remained substantially the same as at 31 March 2025) to the Group at nil consideration. The Group is the sole operating entity and generates revenue from rent and management fees.

For indemnificatory housing rental (including talent apartments), the Group is also the sole municipal operating platform in Zhengzhou. The Group raised rental housing resources through self-construction and purchase and acquisition. In 2022, the State Council issued Opinions from the State Council regarding Accelerating the Development of Indemnificatory Rental Housing (《國務院辦公廳關於加快發展保障性租賃住房的意見》) which stressed the importance of developing indemnificatory rental housing system. In June 2023, the PBOC approved Zhengzhou to initiate a pilot program for a rental housing loan support plan and, in principle, agreed to the "Work Plan for the Pilot Program of Rental Housing Loan Support (《鄭州市人民政府關於租賃住房貸款支持計劃試點工作方案》)" proposed by the Zhengzhou Municipal Government. In May 2024, the PBOC issued Notice on the Matters regarding Refinancing the Establishment of Indemnificatory Housing (《關於設立保障型住房再貸款有關事宜的通知》), which entails policies that financially support the development of indemnificatory rental housing system. In particular, it supports local state-owned enterprises in acquiring unsold residential properties at reasonable prices for the purpose of providing indemnificatory housing. According to such notice, each municipal government is permitted to select no more than two local state-owned enterprises as the designated purchasing entities and such enterprises will receive low-cost, long-term loans from financial institutions, with the PBOC facilitating refinancing for these banks. The Group has been appointed as the sole municipal entity to conduct indemnificatory housing rental business in Zhengzhou. The Group has been purchasing existing commercial housing from the market and operated them as indemnificatory rental housing with support from Zhengzhou Municipal Government. For the years ended 31 December 2022, 2023 and 2024, the Group received subsidies from Zhengzhou Municipal Government for indemnificatory housing rental business in an amount of approximately RMB463.9 million, RMB82.3 million and RMB542.8 million, respectively. With the favourable policy from the central government as well as the Zhengzhou Municipal Government, the Group has purchased more than 100,000 units of indemnificatory rental housing and has put approximately 60,476 units into operation, attracting more than 70,000 young professionals to reside in these accommodations.

The Group has been polishing up its indemnificatory housing rental brand of "Urban Development Beautiful Apartment" (城發美寓) by providing well-decorated apartments and comprehensive facilities to the tenants. The Group also takes advantages of big data technology and builds up an advanced operating model which integrates the services of tenant eligibility assessment, apartment selection, move-in and rent payment and has received great popularity among young people in Zhengzhou. According to Meadin Academy (邁點研究院), the Group's brand in indemnificatory housing rental business, "Urban Development Beautiful Apartment" (城發美寓), ranks top three among nationwide rental housing in terms its scale and ranks first in terms of its brand influence among apartments developed by state-owned enterprises.

For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its housing rental business of approximately RMB172.0 million, RMB283.5 million and RMB708.9 million, respectively, representing approximately 1.9 per cent., 3.0 per cent. and 7.3 per cent., respectively, of the Group's total operating revenue for the same periods.

Project Description

Projects in Operation

As at 31 December 2024, the Group had 34 major indemnificatory housing rental projects under operation with approximately 45,876 leased units. The table below sets out particulars of these projects:

No.	Project name	Number of units in operation	Total area in operation	Number of leased units	Occupancy rate
			(Square metres)		
1	Wenhua Beautiful Apartment (文化美寓)	402	15,151.3	402	100.0%
2	Songshan Beautiful Apartment (嵩山美寓)	1,640	73,696.0	1,624	99.0%
3	Zhongzhou Beautiful Apartment (中州美寓)	680	26,733.5	670	98.5%
4	Chunteng Beautiful Apartment (春藤美寓)	957	33,738.3	953	99.6%
5	Zichen Beautiful Apartment (紫辰美寓)	773	28,294.4	760	98.3%
6	Shuxiang Beautiful Apartment (書香美寓)	107	4,617.6	107	100.0%
7	Dingsheng Beautiful Apartment (鼎盛美寓)	2,234	86,764.7	2,225	99.6%
8	Xuesong Beautiful Apartment (雪松美寓)	2,762	99,286.8	2,759	99.9%
9	Lijiang Beautiful Apartment (灕江美寓)	1,093	35,572.4	1,091	99.8%
10	Wutong Beautiful Apartment (梧桐美寓)	300	12,181.7	299	99.7%
11	Jinsha Beautiful Apartment (金沙美寓)	1,381	52,865.8	1,342	97.2%
12	Haitang Beautiful Apartment (海棠美寓)	551	24,569.8	550	99.8%
13	Jinguan Beautiful Apartment (金冠美寓)	1,534	71,917.8	1,531	99.8%
14	Jiayuan Beautiful Apartment (嘉園美寓)	2,380	90,732.9	2,347	98.6%
15	Longxi Beautiful Apartment (隴西美寓)	4,296	171,986.0	4,292	99.9%
16	Jinrui Beautiful Apartment (錦瑞美寓)	2,975	104,022.1	2,975	100.0%
17	Wende Beautiful Apartment (文德美寓)	1,424	64,012.4	1,421	99.8%
18	Longxiu Beautiful Apartment (隴秀美寓)	193	7,236.2	192	100.0%
19	Yingcai Beautiful Apartment (英才美寓)	2,074	94,003.9	2,058	99.2%
20	Kaiyuan Beautiful Apartment (開元美寓)	3,281	96,448.1	3,268	99.6%

No.	Project name	Number of units in operation	Total area in operation	Number of leased units	Occupancy rate
			(Square metres)		
21	Qiancheng Beautiful Apartment (前程美寓)	667	25,071.9	667	100.0%
22	Guanghui Beautiful Apartment (廣惠美寓)	4,000	163,860.0	4,000	100.0%
23	Shangding Beautiful Apartment (商鼎美寓)	787	31,475.7	787	100.0%
24	Yuxuan Beautiful Apartment (玉軒美寓)	1,299	43,468.8	1,297	99.8%
25	Wenhua Beautiful Apartment (文化美寓)	2,324	99,085.8	2,312	99.5%
26	Donghua Beautiful Apartment (東華美寓)	2,222	121,777.3	2,222	100.0%
27	Shangdu Beautiful Apartment (商都美寓)	260	10,077.0	259	99.6%
28	Longmen Beautiful Apartment (龍門美寓)	1,211	65,512.4	1,199	99.0%
29	Meichen Beautiful Apartment (美辰美寓)	555	18,660.5	549	98.9%
30	Guanhu Beautiful Apartment (觀湖美寓)	549	18,791.3	549	100.0%
31	Qingshan Beautiful Apartment (青山美寓)	589	24,829.3	574	97.5%
32	Fengyang Beautiful Apartment (楓楊美寓)	403	17,503.5	363	90.1%
33	Jiangshan Beautiful Apartment (江山美寓)	159	9,984.4	118	74.2%
34	Xingze Beautiful Apartment (滎澤美寓)	352	33,004.4	114	32.4%
	Total	**46,414**		**45,876**	

Note:

(1) As at 30 June 2025, the Group's major housing rental projects increased to 39 covering approximately 60,476 units with average occupancy rate of 96.3 per cent.

Projects under Construction

The table below sets out particulars of the Group's certain major indemnificatory housing rental projects under construction as at 31 December 2024:

No.	Project name	Planned GFA	Estimated total investment	Total invested amount
		(Square metres)	(RMB in millions)	
1	Jinke Cheng Jinyu (金科城金寓)	37,189.7	263.2	219.0
2	Taihong Jianye Commercial Center Area 1 (B2-02 Plot) (泰宏建業商業中心一區(B2-02地塊))	67,977.1	446.6	229.9
3	Zhonghai Yiran Yuan Project Building 6#, 8# (中海怡然苑項目6#、8#樓)	46,892.8	307.0	280.4
4	Xinya Business Center West Garden (新亞商務中心西苑)	52,845.2	311.8	270.3
5	Yinji Dongshang Building (銀基東尚大廈)	9,061.2	80.4	69.3
6	Huiquan Cheng No. 11 Garden Phase 3 (匯泉城11號苑三期)	114,902.7	623.4	594.5
7	Yinji Fengshang Building (銀基風尚大廈)	22,233.2	204.7	21.2
8	Wanxiang Commercial Center (萬象商業中心)	78,268.0	770.2	337.0
9	Huarui Ziyuncheng Tianyuan Building 7 (華瑞紫韻城天園7號樓)	37,418.8	235.7	210.2
10	Zhengzhou Zhongyuan District Tongshuwang Village Renovation Project W-05-3 Plot Phase 2 (鄭州市中原區桐樹王村莊改造項目W-05-3地塊二期)	22,115.0	106.2	97.4
11	Dongrun Cheng Zhangyuan Project (東潤城樟園項目)	92,815.4	1,053.5	527.7
12	Guanghui Bay No. 1 Courtyard Project Building 3#, 10#-1 (廣匯灣一號院項目 3#、10#-1樓)	22,668.3	342.3	314.4
13	Guanghui Bay No. 1 Courtyard Project Building 5#, 9#, 10#-2, 11# (廣匯灣一號院項目 5#、9#、10#-2、11#樓)	45,665.4	689.6	603.4
14	Taihong Jianye Commercial Center Area 1 (B2-02 Plot) Project Building 2# (泰宏建業商業中心一區(B2-02地塊)項目2#樓)	46,282.2	318.4	20.5

No.	Project name	Planned GFA	Estimated total investment	Total invested amount
		(Square metres)	(RMB in millions)	
15	Zhengzhou Zhongyuan District Xishiyangsi Urban Village Renovation Project SY-04-02 Plot (978 Units) (鄭州市中原區西石羊寺城中村改造項目SY-04-02地塊(978套))	104,980.0	913.3	778.7
16	Valley of Light Commercial Center (Phase 2) Building 6#, 9# (光之谷商業中心(二期)6#、9#樓)	8,520.5	69.2	63.5
17	Dongyue Cheng No. 2 Courtyard (Phase 1) (東悦城二號院(一期))	58,197.7	273.5	214.4
18	Baoneng Langyu Building 1# (寶能朗寓1#)	23,043.6	184.7	75.2
19	New Development Kailin Plaza (Phase 1) Building 8#-B, 10#-B (新發展楷林廣場(一期)8#-B、10#-B)	55,849.6	586.4	540.5
20	Yongjing Cheng No. 3 Courtyard (雍景城三號院)	58,229.3	546.8	96.7
21	Poly Culture Plaza Phase 3 (保利文化廣場三期)	54,436.9	419.2	25.3

Indemnificatory Housing Allocation and Sale

As an extension to the indemnificatory housing rental business, the Group started the indemnificatory housing allocation and sale business in 2024 in response to the policies from central and local governments to increase the supply of indemnificatory housing. The Group converted a portion of its self-constructed talent apartments into allocation-type indemnificatory housing units and generated revenue from property sale. For the year ended 31 December 2024, the Group generated operating revenue from its indemnificatory housing allocation and sale business of approximately RMB179.1 million, representing approximately 1.8 per cent. of the Group's total operating revenue for the same period.

In September 2023, the State Council issued Guiding Opinions on the Planning and Construction of Indemnificatory Housing (《關於規劃建設保障型住房的指導意見》), proposing to increase the supply of indemnificatory housing and deal with housing difficulties faced with wage-earning groups and thus to provide them with allocation-type indemnificatory housing with price caps. In June 2024, the Ministry of Housing and Urban-Rural Development (住房城建建設部) issued Notice on Purchasing Existing Commercial Housing for Use as Indemnificatory Housing (《關於做好收購已建成存量商品房用作保障性住房有關工作的通知》), requiring local governments to designate at most two local state-owned enterprises as purchase entities to operate indemnificatory housing under market-oriented mechanisms. Under such favorable circumstance, the Group was designated by Zhengzhou Municipal Government as the sole purchase and operating entity in Zhengzhou and started its indemnificatory housing allocation and sale business in 2024. The Group completed one of the first batch of indemnificatory housing allocation and sale projects in China, which made Zhengzhou the first city in China with indemnificatory housing delivered to the house owners. As the Group accelerates the construction and acquisition of allocation-type indemnificatory housing, the Group is expected to generate revenue from this business segment.

Relocating Housing Construction

The Group is entrusted by the Zhengzhou Municipal Government as the main construction entity to undertake the construction of relocating housing projects and receives revenue therefrom. The development of relocating housing is carried out according to the entrusted development agreement between the Group and the entrusting governmental bodies. The Group primarily conducts such business through its member companies, Zhengzhou Public Housing Investment Co., Ltd. (鄭州公共住宅建設投資有限公司), Zhengzhou Urban Construction Group Investment Co., Ltd. (鄭州城建投資集團有限公司), Zhengzhou Real Estate Group Urban Development Co., Ltd. (鄭州地產集團都市開發有限公司), Zhengzhou Shangdu Holding Group Co., Ltd. (鄭州商都控股集團有限公司) and Henan Zhengdi New City Construction Industry Development Co., Ltd. (河南鄭地新城建設產業發展有限公司).

Primarily, the Group focuses on the management, quality, safety and environment protection of projects. Most projects are constructed on land allocated to the Group and if not, the expenditure incurred due to land transfer will be recognised as costs of the Group. According to the development agreement, the government will allocate project initiation funds for the construction of relocating housing; construction funds will be raised by the governmental body and allocated to the Group as necessary during the construction of the project, and the Group can also raise part of the funds by itself according to the demand for project funds. After completion of a project, each district government will arrange the relocation and pay the investment fees to the company. The profit model of the project is investment cost plus a return of five to ten per cent. and agency construction and management fees. As at 31 December 2024, the total GFA of the relocating housing projects under construction amounted to approximately 2.4 million square metres with a total estimated investment of approximately RMB9.4 billion, among which approximately RMB3.1 billion were invested. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its relocating housing construction business of approximately RMB3,981.6 million, RMB1,105.5 million and RMB784.1 million, respectively, representing approximately 44.3 per cent., 11.8 per cent. and 8.0 per cent., respectively, of the Group's total operating revenue for the same periods.

Project Description

Completed Projects

As at 31 December 2024, the Group completed six major relocating housing construction projects with total invested amount of approximately RMB10,773.1 million. The table below sets out particulars of these projects:

Project name	Year of completion	Aggregate GFA	Total invested amount
	(Year)	(square metres)	(RMB in million)
Jinguang Huayuan (金光花苑)	2024	1,478,843.2	4,095.2
Putian Jiayuan (圃田嘉園)	2021	922,861.5	2,634.6
Datiantong Relocating Project (大田垌安置區工程)	2022	478,111.6	2,294.0
Zhengdi Meichao (鄭地美巢)	2022	67,261.5	345.4
Shangcheng Jiayuan (商城佳苑)	2024	92,756.3	1,151.8
Yukang Jiayuan (豫康嘉園)	2024	42,253.1	252.1
Total		**3,082,087.2**	**10,773.1**

Projects under Construction

The table below sets out the Group's certain major relocating housing construction projects under construction as at 31 December 2024:

Project name	Estimated year of completion	Planned GFA	Estimated total investment	Total invested amount
	(Month-Year)	(square metres)	(RMB in million)	
Zhongyuan New District Northern Area Relocating Project (中原新區北部片區安置房項目)	June 2026	1,990,000.0	7,500.0	2,477.6
Baijiazhuang Project (白家莊項目)	December 2025	450,000.0	1,945.0	643.3
Total		**2,440,000.0**	**9,445.0**	**3,120.9**

Representative Project

A representative project of the Group is Jinguang Huayuan (金光花苑). In this project, the Group made use of the land resources with high efficiency and constructed a beautiful, eco-friendly and modernised urban community. It further frees up a large amount of construction land for the development of Zhengdong New District (鄭東新區) and makes a large quantity of land available for industry construction in Baisha Area (白沙組團), which is of great significance for promoting industry upgrade and urbanisation construction and building up an ecological and new type of urban area in Zhengdong New District.

Real Estate Development

The Group's real estate development business comprises development and sale of commercial properties, and historically some subsidised properties (經濟適用房). The Group primarily conducts such business through the Company and its subsidiaries, Zhengzhou Public Housing Investment Co., Ltd. (鄭州公共住宅建設投資有限公司), Henan Datong Investment Co., Ltd. (河南大通投資有限公司) and Zhengzhou Shangdu Holding Group Co., Ltd. (鄭州商都控股集團有限公司). This business was originated from the Group's land consolidation and urban infrastructure construction businesses where the Group obtained land sources from the government portion of which was put into real estate development. Historically, the Group primarily engaged in the business of subsidised housing development and sale. During recent years, the Group has expanded its business to development and sale of commercial properties, which primarily involves the design, construction, marketing and sale of residential properties and the customers mainly comprise first-time homebuyers and upgraders. The Group obtains lands primarily through auction and bidding process and subsequently undertakes real properties construction and development and generates revenue from sale of properties.

As at 31 December 2024, the Group undertook multiple real estate projects and completed six major real estate development projects with an aggregated GFA of approximately 1,071,664.7 square metres and had two major projects under construction including Yutong Jiayuan (裕彤佳苑) and Yongsheng Garden (永盛苑) with a total planned GFA of approximately 323,510.7 square metres. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue generated from its real estate development business were approximately RMB728.4 million, RMB790.7 million and RMB1,445.8 million, respectively, representing approximately 8.1 per cent., 8.4 per cent. and 14.8 per cent., respectively, of the Group's total operating revenue for the same periods.

Project Description

Completed Projects

The table below sets out the Group's major completed real estate development projects as at 31 December 2024:

					As at 31 December 2024	
Project name	**Year of completion**	**Aggregate GFA completed**	**Total saleable area**	**Total invested amount**	**Total sales value**	**Remaining saleable area**
	(Year)	**(square metres)**		**(RMB in million)**		**(square metres)**
Zhengdi Puyuan (鄭地璞園)	2020	166,305.4	95,915.3	944.2	1327.7	–
Zhengdi Xingang Huayuan (鄭地新港華苑)	2021	83,123.4	52,162.7	477.9	676.7	–
Meijing Dongwang (美景東望)	2022	448,697.3	222,334.5	2,183.2	3,245.2	437.5
Tiandi Yunshu (天地雲墅)	2022	197,526.2	132,750.7	760.0	830	37,798.3
Shangdu Fuyuan (商都阜園)	2024	13,799.8	13,799.8	1,360.6	1,449.0	62,923.3
Heluo Fuyuan (河洛阜園)	2024	162,212.6	123,264.4	1,015.0	1,126.4	34,482.3
		1,071,664.7	**640,227.4**	**6,740.9**	**8,655.0**	**135,641.4**

Projects under Construction

The table below sets out the Group's certain major real estate development projects under construction as at 31 December 2024:

Project name	Estimated year of completion	Planned GFA	Estimated total investment	Total invested amount
	(Year)	(square metres)	(RMB in million)	
Yongsheng Garden (永盛苑)	2025	285,660.0	3,400.0	2,434.6
Yutong Jiayuan (裕彤佳苑)	2026	37,850.7	536.0	262.0
Total		**323,510.7**	**3,936.0**	**2,696.6**

Representative Projects

Meijing Dongwang Project (美景東望項目) is a commercial property development project with total investment amount of approximately RMB2.2 billion and total GFA of approximately 448,697 square metres. It is the first of its kind in Henan province designed under original Chinese aesthetics.

Yongsheng Garden Project (永盛苑項目) is located where subsidised housing projects used to be planned. After the cancellation of subsidised housing projects, the Group obtained the land through auction and bidding process and planned for commercial development. Yongsheng Garden Project is located to the east of Beijing-Hong Kong-Macau Highway Auxiliary Road (京港澳高速輔道) and west to Yongchang Road (永昌路). It is also adjacent to Jinguang Garden relocating housing (金光花苑安置房) with a high occupancy rate and hence commercial value of Yongsheng Garden Project is expected to be relatively high in the future. Currently, this project has entered into the pre-sale stage.

Industrial Park Development and Operation

In response to local policies aimed at enhancing the vitality of regional economic development and strengthening industrial cultivation, the Group has proactively engaged in industrial park development and invested in industrial parks including Jindai Intelligent Industrial Park Project (金岱智慧產業項目), High-tech Biology Economy Industrial Park (高新生物經濟產業園) and Zhengkai Intelligent Industrial Park (鄭開智慧產業園).

Jindai Intelligent Industrial Park (鄭地金岱智慧產業園) has come into operation and has attracted more than 210 enterprises in the sectors of intelligent manufacturing, technology and services, with a total of signed area of approximately 140,000 square metres. In 2024, this industrial park was recognised as Zhengzhou Science and Technology Business Incubator (鄭州市科技企業孵化器), Zhengzhou Small and Micro Enterprise Entrepreneurship and Innovation Demonstration Base (鄭州市小型微型企業創業創新示範基地) and Henan Science and Technology Business Incubator (河南省科技企業孵化器). Approximately 50.0 per cent. of the area of Jindai Intelligent Industrial Park is self-owned by the Group and revenue from this portion is recognised and classified as revenue from assets operation business. Plants on the remaining 50.0 per cent. of the area of Jindai Intelligent Industrial Park are being sold by the Group and revenue from this portion is recognized and classified as revenue from industrial park development and operation business. Moreover, Zhengkai Intelligent Industrial Park (鄭開智慧產業園) and High-tech Biology Economy Industrial Park (高新生物經濟產業園) are currently under construction, which have a total sellable area of about 235,600 square metres with a total investment amount of approximately RMB1.4 billion. For more details, please see "*Assets Operation — Municipal Public Service Assets Operation*".

High-tech Biology Economy Industrial Park (高新生物經濟產業園) is located in Zhengzhou High-tech Zone (鄭州市高新區) with a total construction area of approximately 160,000 square metres. It focuses on bio-economy applications and aims to establish a technology-driven industrial base where research and development headquarters and pilot production for small or medium enterprises are integrated, while promoting industrial clustering with green infrastructure and comprehensive facilities.

Zhengkai Intelligent Industrial Park (鄭開智慧產業園) is a key project in Zhengzhou. It positions itself as a smart economic zone and locates in Zhongmu County (中牟縣) with a total construction area of approximately 78,000 square metres. It aims to drive the innovation through tech-ecology integration and cultural-economic synergy, serve as a strategic hub for Zhengzhou's regional development, and set new standards for modern service industry infrastructure.

For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its industrial park development and operation business of approximately nil, RMB175.1 million and RMB382.9 million, representing approximately nil, 1.9 per cent. and 3.9 per cent. of the Group's total operating revenue for the same periods.

Others

The Group also conducts other businesses, primarily comprising management consultation, trading, sale of goods, surveying and mapping, property management and other miscellaneous businesses. For the years ended 31 December 2022, 2023 and 2024, the Group generated operating revenue from its other businesses of approximately RMB553.3 million, RMB784.0 million and RMB1,057.1 million, representing approximately 6.2 per cent., 8.3 per cent. and 10.8 per cent. of the Group's total operating revenue for the same periods.

INSURANCE

The Group maintains insurance policies including, public liability insurance and property all risks insurance, that provide different types of risk coverage, which the Group believes to be consistent with applicable law and industry and business practice in the PRC. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost. Please see "*Risk Factors — Risks relating to the Group and its Businesses — The Group is subject to uninsured risks*" for further details.

COMPETITION

In recent years, the competition in infrastructure construction and assets operation industries has been increasing in Zhengzhou. In particular, the encouragement of private capital's participation into the area that previously only government related companies were allowed to engage has increased the competition. The intensity of the competition among different enterprises in Zhengzhou for financing, raw materials, skilled management and labour resources may result in increased cost for infrastructure construction, a decrease in property prices and delays in the government approval process. An increasingly open market may advance the marketisation of the relevant business areas that the Group commands market power currently. If the Group cannot respond to changes in market conditions or react to changes in customer preferences more swiftly or effectively than its competitors, the Group's business, results of operations and financial condition could be adversely affected.

EMPLOYEES

As at 31 December 2024, the Group itself had 135 full-time employees, approximately 98.5 per cent. of which hold an undergraduate degree or above.

The Group's ability to attract, retain and motivate qualified personnel is critical to its success. Remuneration to employees is based on their respective performance, working experience, duties and the prevailing market rates. The Group invests in educational and training programs for its employees with a view to continuously upgrading their skills and knowledge. The Group enjoys good relationships with its employees. As at the date of this Offering Circular, to the knowledge of the Group, the Group had not experienced any labour disputes that could have a material adverse effect on its operation and performance.

HEALTH AND SAFETY AND ENVIRONMENTAL PROTECTION

The Group has adopted various policies and taken measures to prevent health and safety risks and hazards. As at the date of this Offering Circular, the Group believes that the Group has complied in all material respects with the PRC laws and regulations on workplace safety that are applicable to its operations and projects.

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

LEGAL AND REGULATORY PROCEEDINGS

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business. Please see "*Risk Factors — Risks relating to the Group and its Businesses — The Group may be subject to disputes, legal, regulatory or other proceedings*" for further details.

As at the date of this Offering Circular, to the knowledge of the Group, save as disclosed in this Offering Circular, there were no legal proceedings, claims or disputes currently existing or pending against the Group that could have a material adverse effect on its business, results of operations and financial condition.

MANAGEMENT

Directors

The Company's Board of Directors consists of four directors, including one chairman, two directors and one employee director. The principal focus of the board is on overall strategic development, investment plan and internal management system. The Board of Directors provides guidance on forming business plans, monitors the implementation of such plans by the management, and reviews and approvals financial objectives and major financial activities of the Company.

The table below sets out the details of Board of Directors as at the date of this Offering Circular:

Name	Age	Position
Wan Yongsheng (萬永生)	57	Chairman of the Board of Directors
Luo Liming (羅黎明)	49	Director and general manager
Zhang Jun (張軍)	56	Director
Feng Hongtao (馮洪濤)	45	Employee director and deputy general manager

Mr. Wan Yongsheng (萬永生), born in July 1968, is the chairman of the board of directors and the secretary of the Party committee of the Company. Mr. Wan is a member of Communist Party of China with a master's degree from Huazhong University of Science and Technology. He is also a member of the 12th committee of Zhengzhou Municipal Committee and a representative of the 15th and 16th Zhengzhou Municipal People's Congress. From July 1988, Mr. Wan has served as the deputy director of the first secretary department of administration's office of Zhengzhou Municipal Government (鄭州市政府), the member of the standing committee and the minister of public communication of Xinzheng Municipal Government (新鄭市政府) and the member of standing committee, the minister of public communication and the deputy mayor of Huiji District of Zhengzhou (鄭州市惠濟區). From March 2014 to January 2018, Mr. Wan served as the director and the secretary of the Party committee of Zhengzhou Statistics Bureau (鄭州市統計局). He has served as the chairman of the board of directors and the secretary of the Party committee of the Company since January 2018.

Mr. Luo Liming (羅黎明), born in May 1976, is the director, general manager and deputy secretary of the Party committee of the Company. Mr. Luo is a member of Communist Party of China with a master's degree. Mr. Luo previously served as the deputy director of the general office of the Party committee of Mangshan District of Zhengzhou (鄭州市邙山區), director of the general office of and member of the Party committee of the government of Huiji District of Zhengzhou (鄭州市惠濟區), the deputy director of Zhengzhou Market Development Bureau (鄭州市市場發展局) and the member, deputy director and secretary of the Party committee of Zhengzhou Market Development Centre (鄭州市市場發展中心). He has served as the director, general manager and deputy secretary of the Party committee of the Company since March 2023.

Mr. Zhang Jun (張軍), born in January 1969, is the director and deputy secretary of the Party committee of the Company. Mr. Zhang is a member of Communist Party of China with a bachelor's degree. Mr. Zhang previously served as the deputy director and then director of the policy and regulation research office (鄭州市紀委政策法規研究室), the director of the performance supervision office (鄭州市紀委效能監察室), the county-level discipline inspector and supervisor of the supervision bureau (鄭州市紀委市監察局), the special commissioner in Zhengzhou Metro Group Co., Ltd. (鄭州市地鐵集團有限公司) sent by the supervision bureau of Zhengzhou Discipline Inspection Commission (鄭州市紀律檢查委員會), the deputy director of Zhengzhou Corruption Prevention Bureau (鄭州市預防腐敗局) and the deputy secretary of the Party committee of Zhengzhou Metro Group Co., Ltd. (鄭州地鐵集團有限公司). He has served as the director and deputy secretary of the Party committee of the Company since April 2023.

Mr. Feng Hongtao (馮洪濤), born in March 1980, is the employee director and deputy general manager of the Company. Mr. Feng is a member of Communist Party of China with a master's degree. Mr. Feng previously served as an assistant to general manager of the Company, the deputy director of the reserve operation department of the Company, the director of the general office of the Company and the director of the engineering and construction office of the Company. He has served as the employee director of the Company since December 2013 and the deputy general manager of the Company since 2024.

Supervisors

The Company's supervisory board consists of three supervisors. The table below sets out the Company's supervisory board as at the date of this Offering Circular:

Name	Age	Position
Li Jingbo (李靜波)	60	Chairman of the Supervisory Board
Wang Xinhua (王新華)	54	Supervisor
Zhang Hua (張華)	54	Supervisor

Mr. Li Jingbo (李靜波), born in August 1965, is the chairman of the supervisory board of the Company. Mr. Li is a member of Communist Party of China with a bachelor's degree. Mr. Li previously served as a staff member of the statistics office, the deputy director and director of the legal affairs and complaints office of Zhengzhou Municipal Family Planning Commission (鄭州市計劃生育委員會) and a member of the Party committee and the chairman of the labour union of the Company. He has served as the chairman of the supervisory board of the Company since December 2013.

Mr. Wang Xinhua (王新華), born in October 1971, is the supervisor and the secretary of the board of directors of the Company. Mr. Wang is a member of Communist Party of China with a bachelor's degree. Mr. Wang previously served as a worker of the First Steel Plant of Zhengzhou (鄭州第一鋼廠), a publicity staff of the branch of China Communist Youth League ("**CCYL**") of Zhengzhou Cable Plant (鄭州電纜廠), a staff member of Zhengzhou Heavy Industry Technology and Trading Company (鄭州重工科工貿總公司), a staff member of Zhengzhou Advertising Company (鄭州市廣告公司), a staff member, the deputy director and the director of the general office of the Company and the manager of the general administrative department of the Company. He has served as the supervisor and the secretary of the board of directors of the Company since December 2013.

Ms. Zhang Hua (張華), born in February 1971, is the supervisor of the Company. Ms. Zhang is a member of Communist Party of China with a master's degree. Ms. Zhang previously served as the secretary of the branch of CCYL of Zhengzhou Hardware Company (鄭州市五金交電公司), the director of the investment management office of the Company and the manager of the legal and audit department of the Company. She has served as the supervisor of the Company since December 2013.

Senior Management

The table below sets out the senior management of the Company as at the date of this Offering Circular:

Name	Age	Position
Luo Liming (羅黎明)	47	Director and general manager
Feng Hongtao (馮洪濤)	45	Employee director and deputy general manager
Pan Jianmin (潘建民)	49	Deputy general manager
Zhou Dingyi (周鼎易)	42	Deputy general manager

Mr. Luo Liming (羅黎明), born in May 1976, is the director, general manager and deputy secretary of the Party committee of the Company. For Mr. Luo's biography, please refer to "*Management — Directors*".

Mr. Feng Hongtao (馮洪濤), born in May 1980, is an employee director and deputy general manager of the Company. For Mr. Feng's biography, please refer to "*Management — Directors*".

Mr. Pan Jianmin (潘建民), born in March 1976, is the deputy general manager of the Company. Mr. Pan is a member of Communist Party of China with a bachelor's degree. Mr. Pan previously served as the secretary of CCYL of Xiamen United Trust Co., Ltd. (廈門聯合信託投資有限責任公司) (currently known as Zhongtai Trust Co., Ltd. (中泰信託有限責任公司)), a staff member of the finance office of the Company, the deputy director of the planning and finance office of the Company and the manager of the finance department of the Company. He has served as the deputy general manager of the Company since December 2013.

Mr. Zhou Dingyi (周鼎易), born in September 1983, is the deputy general manager of the Company. Mr. Zhou holds a master's degree in business management from Zhengzhou University (鄭州大學). Mr. Zhou previously served as the project deputy general manager of Zhengzhou Meijing Property Co., Ltd. (鄭州美景置業有限責任公司), deputy general manager of Zhengzhou branch, marketing centre and Hangzhou branch of Hechang Property Group Co., Ltd. (和昌地產集團有限責任公司), general manager of Rongchuang South-eastern Region Huanhu Co., Ltd. (融創東南區域環滬有限責任公司) and general manager of Hangzhou Zhidi Co., Ltd. (杭州置地有限責任公司). He has been the deputy general of the Company since March 2024.

PRC REGULATIONS

This section is a high-level overview of the principal PRC laws and regulations which are relevant to the issue of the Bonds by the Issuer's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations, nor does it intend to be an exhaustive list of all the principal laws and regulations affecting the Group.

Main Regulatory Authorities and Relevant Supervision

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 of the competency and qualification of market players, the management of the entire process of the construction projects, and the management of the economic and technical standards of construction projects. The main regulatory authorities include:

- Ministry of Housing and Urban-Rural Development of the PRC (the "**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 real estate development qualifications. Such management mainly includes: management of the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to the market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management of construction projects, and establishment of industrial standards.

- Ministry of Transport of the PRC (the "**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports, airports and highways nationwide.

- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, the "**MOR**") and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide.

- 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 (former State Environmental Protection Administration, the "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the China Banking Regulatory Commission (the "**CBRC**") in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise notes 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, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise notes.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government notes since the New Budget Law empowers local governments to issue government notes and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC 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 notes, project revenue notes and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the PRC 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 the State Council for approval, and then included in the budget plan of local governments.

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

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

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

- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adaptation of such a mode to make up the construction needs. If they are in compliance with the relevant state provisions without any other funding sources for construction, but the PRC government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and solved through issuing government notes by local governments as required by law and the relevant regulations.

- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government notes issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government notes issuance, make more effort to effectively use the fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government note issuance, so as to address the time difference between the financing for projects under construction and government notes issuance.

On 28 March 2018, the MOF announced the Notice on Regulating Financial Enterprises' Investment and Financing Activities of Local Government and State-owned Enterprise (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). On 11 May 2018, the NDRC and the MOF promulgated the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知). In accordance with the two circulars, the offering circular for any local state-owned enterprise's note issuance should not include any explicit or implied suggestion of government credit support, such as inclusion of the revenue and expenditure of the local government or its debt levels, and should not market the note by reference to the local government's credit, and shall clearly state in the offering circular that the local government only bears limited liability to the extent of its amount of contribution in such state-owned enterprise, and that the debt should be repaid by the local state-owned enterprise itself.

Regulation on the Issuance of Foreign Debts

The NDRC published the Administrative Measures for the Review and Registration of Medium-to Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法（中華人民共和國國家發展和改革委員會令第56號）) on 5 January 2023, with effect from 10 February 2023 which simultaneously repeals the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) (Fa Gai Wai Zi [2015] No. 2044) (發改外資[2015]2044號). For the purposes of the NDRC Administrative Measures, the medium- and long-term foreign debts of enterprises mentioned in the NDRC Administrative Measures refer to debt instruments with a tenor of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas companies or branches controlled by them, denominated in local or foreign currency, and of which principal and interest on the foreign debts are repaid as agreed. Debt instruments include, but are not limited to, senior debts, perpetual debts, capital debts, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Administrative Measures.

According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities prior to issuing any foreign debts with a tenor of more than one year shall obtain from the NDRC a certificate of review and registration of enterprise borrowing of foreign debts (企業借用外債審核登記證明) (the "**Certificate of Review and Registration**") and shall report certain details of the foreign debts to the NDRC within ten working days upon the completion of issuance through the online system for the review, registration, management and service of enterprise foreign debts established by the NDRC (the "**NDRC Online Reporting System**"). An enterprise shall, with the Certificate of Review and

Registration, go through the relevant procedures of foreign exchange registration, account opening, proceeds receipt, payment and remittance, and use of proceeds in accordance with the applicable laws and regulations.

Moreover, pursuant to the NDRC Administrative Measures, an enterprise shall, among other things, (i) report certain details of the foreign debts to the NDRC within ten working days upon the completion of issuance; (ii) within ten working days after expiry of the NDRC Certificate or the Certificate of Review and Registration, report the foreign debts borrowing information through the NDRC Online Reporting System; (iii) within five working days before the end of January and end of July of each year that any of the foreign debts remains outstanding, report the information relating to, inter alia, use of proceeds, repayment of principal and interest and related plans, and major business indicators, through the NDRC Online Reporting System; and (iv) so long as any of the foreign debts remains outstanding, submit relevant information to the NDRC upon the occurrence of any material event that may affect the due performance of debt obligations, such as liquidity issue or significant assets restructuring, and take measures to isolate such risks to prevent cross default risks. If the enterprise fails to report the relevant information described above in accordance with the NDRC Administrative Measures, the NDRC may direct the enterprise to make corrections within a prescribed time period and if the violation is serious or if the enterprise fails to correct within the prescribed time period, the NDRC may give a warning to the relevant enterprise and its main responsible persons.

Certain detailed aspects of its interpretation and application remain subject to further clarification.

Regulation on the Foreign Exchange Administration

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法), effective as at 13 May 2013 and amended on 4 May 2015, and its operating guidelines, issuers of foreign debt are required to register with SAFE. Issuers other than banks and financial departments of the PRC government shall go through registration procedures with the local branch of SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through the relevant record-filing procedures with the local branch of SAFE.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 and became effective on 1 October 2017, and Interim Measures for the Acceptance of Completed Construction Projects for Environmental Protection (建設項目竣工環境保護驗收暫行辦法) promulgated by Ministry of Environmental Protection on 20 November 2017 which became effective on the same date.

In accordance with the provisions of the Law on Environmental Impact Assessment of the People's Republic of China and Administrative Regulations on Environmental Protection of Construction Projects, the PRC government implements the system of environmental impact assessment with respect to construction projects, the developer of a construction project is the subject responsible for the acceptance inspection for environmental protection, and shall, prepare the acceptance inspection report, publicize relevant information, accept social supervision, and ensure that the supporting environmental protection facilities required for the construction project are put into production or use simultaneously with the main project.

Environmental Protection

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The Ministry of Ecology and Environment of the State Council (the "**MEE**") supervises environmental protection work in the PRC and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 5 September 1987 by the Standing Committee of the National People's Congress, which became effective on 1 June 1988 and last amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The MEE formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law (中華人民共和國噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 24 December 2021, which became effective on 5 June 2022, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, reconstruction or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact evaluation to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority. The construction project shall not be put into production or use, if the facilities used for noise pollution prevention has not been inspected or has failed to pass the acceptance inspection.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010 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 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 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulations on Work Safety

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

Administrative Regulations on the Safety of Hazardous Chemicals (危險化學品安全管理條例), which was promulgated on 26 January 2002 and last amended on 7 December 2013, firstly provides that the State implements the licensing system for the operation of hazardous chemicals (including storage management, hereinafter the same), and without being licensed, any units and individuals shall not deal in hazardous chemicals. Secondly, it provides that the enterprises dealing in hyper-toxic chemicals or hazardous chemicals to make explosives shall file applications to the production safety supervision and administration departments of the local people's governments at municipality (with districts) level and the enterprises dealing in other hazardous chemicals shall file applications to the production safety supervision and administration departments of the local people's governments at county level (if the enterprise has storage facilities, it shall file applications to the production safety supervision and administration department of the local people's government at municipality (with districts) level). Thirdly, the authorities mentioned above shall examine such documents pursuant to laws, conduct on-site verification on the business premises and storage facilities of the applicants, and make the decision of approval or refusal (if the application is approved, the licences for dealing in hazardous chemicals shall be issued). At last, the applicants shall not deal in hazardous chemicals until they hold the licenses for dealing in hazardous chemicals to handle registration at AICs.

TAXATION

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

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation — PRC" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax is imposed on interest payments under the Bonds at a rate of 10 per cent. or 20 per cent. paid by the Issuer to non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty, if such interest payments are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be). As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and the Issuer shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. For example, the tax so charged on interest paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation formulated by the State Administration of Taxation of the PRC.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, individuals who do not have a domicile in the PRC and have not resided in the PRC, or individuals who do not have a domicile in the PRC but have resided in the PRC for less than 183 days cumulatively within a tax year, shall be deemed as non-resident individuals. Income derived by non-resident individuals from the PRC shall be subject to individual income tax pursuant to the provisions of the IIT Law. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. Under the IIT Law and its implementation rules, if such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

VAT

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36, which introduced a new VAT to replace business tax from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate applicable to such financial services is 6 per cent. Accordingly, if PRC tax authorities take the view that the Bondholders are providing loans within the PRC, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. The Issuer will be obligated to withhold VAT of 6 per cent. on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. And as the withholding agent, the Issuer shall calculate the withholding tax according to the following formula: withholding tax = price paid by the purchaser ÷ (1 + tax rate) × tax rate. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to Bondholders so that Bondholders would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds — Taxation*".

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of 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, premium (if any) 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 (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

(ii) interest on the Bonds derived from Hong Kong 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; or

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

Stamp Duty

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register, and Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional bonds (as described under "*Terms and Conditions of the Bonds — Further Issues*") that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 7 August 2025 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table at the issue price of 100.0 per cent.:

	Principal amount of the Bonds to be subscribed
	U.S.$
China International Capital Corporation Hong Kong Securities Limited	30,000,000
China CITIC Bank International Limited	30,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	30,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	30,000,000
Guotai Junan Securities (Hong Kong) Limited	30,000,000
ABCI Capital Limited	3,750,000
Central China International Securities Co., Limited	3,750,000
China Industrial Securities International Brokerage Limited	3,750,000
China Securities (International) Corporate Finance Company Limited	3,750,000
CLSA Limited	3,750,000
CMB International Capital Limited	3,750,000
CMBC Securities Company Limited	3,750,000
CNCB (Hong Kong) Capital Limited	3,750,000
Haitong International Securities Company Limited	3,750,000
Huatai Financial Holdings (Hong Kong) Limited	3,750,000
ICBC International Securities Limited	3,750,000
Industrial Bank Co., Ltd. Hong Kong Branch	3,750,000
Luso International Banking Limited	3,750,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	3,750,000
SMBC Nikko Securities (Hong Kong) Limited	3,750,000
TFI Securities and Futures Limited	3,750,000
Total	**210,000,000**

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

The Managers and 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 Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer for which they have received, or will receive, fees and expenses. In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). 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. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer 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 legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factor — Risks Relating to the Bonds — An active trading market for the Bonds may not develop*"). The Issuer and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the 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 the trading prices of the Bonds. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

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

Important Notice to CMIs (including Private Banks)

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

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

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

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks that 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 Managers to apply the "proprietary orders" requirements of the SFC Code to such order.

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

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

Underlying investor information in relation to omnibus order should be sent to: IB_ShangDynastyIII@cicc.com.cn.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private bank) 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 Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager(s) with such evidence within the timeline requested.

General

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

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and any Manager or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

United States

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

Each Manager represents that it has not offered or sold, and agrees that it will not offer or sell, any Bond constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

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

(i) 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

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

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

(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 (Chapter 571 of the Laws 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 (Chapter 32 of the Laws of Hong Kong) (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(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 in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each of the Managers has represented, warranted 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.

Singapore

Each Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and, accordingly, each of the Managers has represented, warranted 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 (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) 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, regulations and ministerial guidelines of Japan.

Macau

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time. Each Manager has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in Macau, except as permitted under the securities laws of Macau.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

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

Related Party Disclosures

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

Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

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

Available-for-sale Financial Assets

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market and where fair value cannot be reliably measured, cost model shall be applied. Under IFRS, available-for-sale financial assets shall be measured at fair value.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 314802683 and the ISIN for the Bonds is XS3148026837.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, entering into and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 21 October 2024 and an approval from the Zhengzhou SASAC dated 8 May 2025.

3. **No Material and Adverse Change:** Save as disclosed in the Offering Circular, there has been no change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2024.

4. **Litigation:** As at the date of this Offering Circular, none of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group nor is the Issuer aware that any such proceedings are pending or threatened.

5. **Available Documents:** So long as any Bond is outstanding, copies of the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date at the principal office of the Trustee, being at the date of this Offering Circular at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time)) on any weekdays (except for Saturdays, Sundays and public holidays) following prior written request and proof of holding and identity satisfactory to the Trustee.

6. **Financial Statements:** The Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Henan Righteous Innovation as stated in its reports thereon. Henan Righteous Innovation has given and not withdrawn its consent to the inclusion of its reports to the Issuer included in this Offering Circular in the form and context in which they appear.

   The Audited Consolidated Financial Statements are originally prepared in the Chinese language and have been translated into English and included elsewhere in this Offering Circular. The Chinese Financial Statements are available at the following website: https://www.shclearing.com/.

7. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on 15 August 2025.

8. **LEI:** The Issuer's LEI code is 3003009PNOV401RT0158.

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Note:

On page F-2 and F-131, the Chinese content next to the QR code indicates that such code can be used to verify whether the relevant auditor's report was issued by certified public accountants and prospective investors may scan the QR code with mobile phone or access the Unified Supervision Platform of Chinese CPA Profession (註冊會計師統一監管平台) (http://acc.mof.gov.cn) for verification and further details.

Zhengzhou Urban Development Group Co., Ltd.

AUDIT REPORT

Righteous Innovation Shen Zi No.202400080

Henan Righteous Innovation Certified Public Accountants

(General Partnership)

28 April, 2024

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Henan Righteous Innovation Certified Public Accountants (General Partnership)

Address: 906, Floor 9, Building 9, Lvdi Xindu, intersection of South Dongfeng Road and East Jinshui Road, Zhengdong New District, Zhengzhou City

Tel: 0371-65335617 / 0371-65335627

Auditor's Report

Righteous Innovation Shen Zi No.202400080

To the Zhengzhou Urban Development Group Co., Ltd.,

I. Auditor's Opinion

We have audited the accompanying financial statements of Zhengzhou Urban Development Group Co., Ltd. (the Company), which comprise the consolidated and company statement of financial position as of December 31, 2023, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity, and the notes to the financial statements for the year that ended.

The accompanying financial statements present fairly the consolidated and company financial position of the Company as of December 31, 2023, and the financial performance and cash flows for the year that ended, in all material respects, according to the requirements of Accounting Standards for Business Enterprises ("ASBEs").

II. Forming the Basis of the Auditor's Opinion

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

III. Other information

Management of the Company (the Management) is responsible for the other information. Other information includes the information covered in the annual report but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of verification conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information. In this process, consider whether the other information is materially inconsistent with the financial statements, what we have learned during the audit process, or if there seems to be a material misstatement.

Based on our work, if we determine a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

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

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

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

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

V. Auditor's Responsibility for Auditing Financial Statements

We aim to obtain reasonable assurance that the financial statement is free from material misstatement due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not guaranteed that an audit conducted by CASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit by CASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following:

i. Identifying and assessing the risk of material misstatement of financial statements due to fraud or errors, designing and implementing audit procedures responsive to these risks, and obtaining adequate and appropriate audit evidence for issuing audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

ii. Obtaining an understanding of the internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Still, the purpose is not to express opinions on the effectiveness of internal control.

iii. Evaluating the appropriateness of accounting policies adopted by the Management and the reasonableness of accounting estimates and related disclosures.

iv. Concluding on the appropriateness of the Management's use of the going-concern accounting assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Suppose we conclude that a material uncertainty exists. In that case, we must draw attention to the related disclosures in these financial statements in our auditor's report, or if the disclosure is insufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluating the overall presentation, structure, and content (including disclosure) of the financial statements and whether the financial statements represent the transactions and events in a manner that achieves fair presentation.

vi. Obtaining sufficient and appropriate audit evidence on the financial information of entities or business activities of the company to express an audit opinion on the financial statements. We are responsible for directing, supervising, and performing group audits, and we assume full responsibility for the audit opinions.

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.

(Note: This is a free translation into English of a report issued in China and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and constructed by Chinese law and professional auditing standards applicable in China. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.)

Henan Righteous Innovation Certified Public Accountants (General Partnership)	**The Chinese Certified Public Accountant: Zhang Zhanxiao**
Zhengzhou, China	**The Chinese Certified Public Accountant: Hu Fangli**
	28 April, 2024

Consolidated Statement of Financial Position

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Item	Note VIII	2023-12-31日	2022-12-31日
CURRENT ASSETS:			
Cash and cash equivalents	1	9, 695, 099, 258. 58	11, 185, 574, 431. 19
Settlements Provision			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	2	15, 417, 949, 074. 59	14, 163, 640, 677. 57
Financing receivables			
Prepayments	3	1, 005, 598, 061. 43	4, 821, 327, 015. 23
Insurance premium receivable			
Due from reinsurers			
Contract reserve to due from reinsurers			
Other receivables	4	5, 567, 896, 450. 17	4, 225, 884, 417. 86
Including: Interest receivable			294, 444. 45
Dividends receivable		15, 447, 600. 00	15, 447, 600. 00
Financial assets purchased under agreements to resell			
Inventories	5	34, 165, 404, 730. 11	35, 530, 423, 213. 54
Contract assets	6	647, 228, 916. 54	1, 047, 965, 878. 55
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	7	3, 620, 655, 272. 28	4, 075, 598, 520. 06
Total current assets		70, 119, 831, 763. 70	75, 050, 414, 154. 00
NON-CURRENT ASSETS:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables	8	12, 720, 000, 000. 00	6, 923, 000, 000. 00
Long-term equity investments	9	2, 219, 052, 329. 17	2, 208, 645, 272. 36
Other equity instruments investments	10	511, 520, 000. 00	511, 520, 000. 00
Other non-current financial assets	11	279, 567, 393. 08	280, 927, 393. 08
Investment properties	12	42, 222, 695, 528. 47	31, 435, 274, 960. 14
Fixed assets	13	410, 419, 986. 21	492, 327, 527. 87
Construction in progress	14	10, 459, 504, 714. 37	2, 193, 353, 370. 74
Productive biological assets	15	44, 427. 27	55, 409. 10
Oil and gas assets			
Right-of-use asset			2, 463, 632. 45
Intangible assets	16	9, 253, 267, 169. 35	9, 261, 323, 921. 22
Development expenditures			
Goodwill	17	41, 565, 646. 14	41, 565, 646. 14
Long-term prepaid expenses	18	14, 453, 954. 88	25, 588, 768. 06
Deferred tax assets	19	260, 030, 763. 71	228, 732, 790. 95
Other non-current assets	20	36, 541, 355, 002. 55	34, 947, 692, 426. 27
Total non-current assets		114, 933, 476, 915. 20	88, 552, 471, 118. 38
Total Assets		185, 053, 308, 678. 90	163, 602, 885, 272. 38

Legal Representative: 万生印永 Chief Accountant: 潘民印建 Head of Accounting Department: 李刚

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

Consolidated Statement of Financial Position (continued)

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Item	Note VIII	2023-12-31日	2022-12-31日
CURRENT LIABILITIES:			
Short-term borrowings	21	1, 717, 500, 000. 00	735, 000, 000. 00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	22	160, 166, 997. 62	63, 014, 396. 43
Accounts payable	23	6, 905, 125, 653. 99	3, 921, 156, 851. 46
Receipts in advance	24	25, 637, 756. 85	21, 105, 759. 83
Contract Liabilities	25	2, 030, 582, 140. 11	2, 861, 728, 631. 85
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions			
Payroll and employee benefits payable	26	28, 892, 130. 93	28, 748, 499. 22
Taxes payable	27	467, 910, 630. 21	422, 641, 187. 31
Other payables	28	7, 859, 574, 835. 06	7, 370, 638, 989. 87
Including: Interest payable			1, 763, 437. 49
Dividends payable			
Fees and commissions payable			
Payable reinsurance			
Liabilities classified as held for sale			
Current portion of non-current liabilities	29	16, 948, 226, 446. 48	13, 224, 426, 157. 11
Other current liabilities	30	79, 872, 764. 01	95, 923, 467. 98
Total Current Liabilities		36, 223, 489, 355. 26	28, 744, 383, 941. 06
NON-CURRENT LIABILITIES:			
Insurance reserves			
Long-term borrowings	31	40, 161, 837, 796. 22	28, 502, 290, 140. 50
Bonds payable	32	28, 505, 337, 592. 84	32, 050, 935, 692. 09
Including: Preference share			
Perpetual debt			
Lease liabilities			989, 919. 12
Long-term payables	33	15, 241, 761, 313. 43	9, 817, 060, 626. 62
Long-term payroll and employee benefits payable			
Provisions			
Deferred income	34	812, 249, 999. 35	705, 154, 226. 95
Deferred tax liabilities	19	1, 537, 002, 205. 88	1, 376, 201, 874. 66
Other non-current liabilities	35	593, 482, 201. 92	585, 558, 712. 02
Total non-current liabilities		86, 851, 671, 109. 64	73, 038, 191, 191. 96
Total liabilities		123, 075, 160, 464. 90	101, 782, 575, 133. 02
SHAREHOLDERS' EQUITY:			
Paid-in capital	36	2, 000, 000, 000. 00	2, 000, 000, 000. 00
Other equity instruments			
Including: Preferred Stock			
Perpetual Debt			
Capital reserve	37	53, 680, 802, 727. 40	53, 727, 132, 054. 77
Less: Treasury shares			
Other comprehensive income	38	167, 533, 071. 94	168, 168, 011. 34
Special reserve			
Surplus reserve	39	366, 561, 133. 91	366, 561, 133. 91
General reserve			
Undistributed profits	40	4, 360, 144, 112. 78	4, 209, 747, 331. 07
Equity attributable to owners of the parent		60, 575, 041, 046. 03	60, 471, 608, 531. 09
Non-controlling interests		1, 403, 107, 167. 97	1, 348, 701, 608. 27
Total shareholders' equity		61, 978, 148, 214. 00	61, 820, 310, 139. 36
Total liabilities and shareholders' equity		185, 053, 308, 678. 90	163, 602, 885, 272. 38

Legal Representative: 万永 生印 Chief Accountant: 潘建 民印 Head of Accounting Department: 李刚

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

Consolidated Income Statement

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Item	Note VIII	2023	2022
1. Total revenue		9, 411, 585, 658. 21	8, 991, 291, 742. 77
Including: Operating revenue	41	9, 411, 585, 658. 21	8, 991, 291, 742. 77
Interest income			
Net fee and commission revenue			
2. Total cost of sales		9, 681, 674, 515. 96	8, 959, 074, 085. 27
Including: Cost of sales	41	8, 103, 906, 648. 97	7, 642, 827, 087. 54
Interest expenses			
Fees and commission expenses			
Surrenders			
Taxes and surcharges	42	166, 010, 111. 18	200, 209, 455. 54
Selling expenses	43	77, 705, 348. 55	94, 345, 273. 09
General and administrative Expenses	44	343, 557, 860. 70	374, 412, 044. 38
Research and development (R&D) Expenses	45	7, 847, 901. 97	5, 344, 248. 77
Financial Expenses	46	970, 986, 644. 59	641, 935, 975. 95
Including: Interest expense		1, 428, 542, 112. 76	1, 108, 597, 605. 27
Interest income		602, 177, 189. 26	724, 292, 527. 77
Add: Other income	47	351, 207, 800. 44	138, 789, 867. 32
Investment income	48	43, 874, 003. 46	47, 204, 885. 76
Including: Share of profits or loss of associates and joint ventures		23, 409, 876. 37	30, 902, 108. 29
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains			
Net exposure hedging gains/ (losses)			
Gains on changes in fair value	49	555, 445, 134. 66	446, 037, 946. 39
Credit impairment losses	50	-140, 242, 364. 00	-61, 569, 135. 73
Assets impairment losses	51	-4, 865, 493. 70	
Gains from disposal of assets	52	12, 644. 65	18, 749. 41
3. Operating profit		**547, 002, 867. 76**	**602, 699, 970. 65**
Add: Non-operating income	53	8, 371, 757. 76	31, 337, 519. 18
Less: Non-operating Expenses	54	2, 588, 286. 12	2, 756, 404. 42
4. Profit/(loss) before tax		**552, 786, 339. 40**	**631, 281, 085. 41**
Less: Income tax expense	55	232, 925, 097. 99	273, 119, 978. 81
5. Net profit /(loss)		**319, 861, 241. 41**	**358, 161, 106. 60**
(i) Categorized by operation continuity			
a. Net profit from continuing operations		319, 861, 241. 41	358, 161, 106. 60
b. Net profit from discontinuing operations		-	-
(ii) Categorized by ownership			
a. Net profit attributable to owners of the parent		285, 455, 681. 71	309, 360, 607. 29
b. Net profit attributable to non-controlling interests		34, 405, 559. 70	48, 800, 499. 31
6. Other comprehensive income, net of tax		**-634, 939. 40**	**-33, 155, 137. 16**
Other comprehensive income, net of tax, attributable to owners of the parent company		**-634, 939. 40**	**-33, 155, 137. 16**
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement gains or losses of a defined benefit plans			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss		**-634, 939. 40**	**-33, 155, 137. 16**
a. Other comprehensive income that can be reclassified to profit or loss in equity method		-634, 429. 44	-34, 229, 376. 13
b. Changes in fair value of other debt investments			
c. Change in the fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Reclassification of held-to-maturity investments as available-for-sale financial assets			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedging reserve (effective part of profit and loss of cash flow hedging)			
h. Exchange differences on translation of foreign currency financial statements			
i. Others		-509. 96	1, 074, 238. 97
Other comprehensive income, net of tax, attributable to non-controlling interests			
7. Total comprehensive income		**319, 226, 302. 01**	**325, 005, 969. 44**
Total comprehensive income attributable to owners of the parent		284, 820, 742. 31	276, 205, 470. 13
Total comprehensive income attributable to non-controlling interests		34, 405, 559. 70	48, 800, 499. 31
8. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Consolidated Statement of Cash Flows

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Item	Note VIII	2023	2022
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		7,598,916,278.08	2,253,667,414.27
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Net increase in disposal of financial assets measured at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Tax refunds received		15,793,986.52	435,890,156.61
Cash received relating to other operating activities	56	3,375,047,964.97	3,438,313,779.13
Sub-total of cash inflows		10,989,758,229.57	6,127,871,350.01
Cash paid for purchase of goods and services		3,839,767,661.40	5,848,097,186.88
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employees		385,096,007.93	395,251,651.17
Cash paid for taxes		533,330,066.01	590,245,173.81
Cash paid relating to other operating activities	56	7,266,328,335.43	8,536,503,236.23
Sub-total of cash outflows		12,024,522,070.77	15,370,097,248.09
Net cash flows from operating activities		-1,034,763,841.20	-9,242,225,898.08
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		16,499,524.12	
Cash received from investment income		11,216,362.93	37,244,813.59
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		765,015.45	54,793.91
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			122,231,513.03
Sub-total of cash inflows		28,480,902.50	159,531,120.53
Purchase of property, plant and equipment, intangible assets and other non-current assets		14,414,264,826.94	2,024,861,643.71
Cash paid for investments		581,134.00	371,186,291.00
Net increase in secured loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities		13,674,921.69	70,000,000.00
Sub-total of cash outflows		14,428,520,882.63	2,466,047,934.71
Net cash flows from investing activities		-14,400,039,980.13	-2,306,516,814.18
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		20,000,000.00	38,950,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		20,000,000.00	38,950,000.00
Proceeds from borrowings		29,595,259,804.84	25,245,898,660.00
Cash receipts relating to other financing activities		6,626,398,571.70	8,852,244,621.51
Subtotal of cash inflows		36,241,658,376.54	34,137,093,281.51
Repayments for debts		17,095,640,496.42	18,705,304,280.05
Cash payments for distribution of dividends or profit and interest expenses		3,671,679,193.49	3,478,425,925.58
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		1,519,756,418.41	901,344,361.64
Subtotal of cash outflows		22,287,076,108.32	23,085,074,567.27
Net cash flows from financing activities		13,954,582,268.22	11,052,018,714.24
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		-1,480,221,553.11	-496,723,998.02
Add: Cash and cash equivalents at beginning of year		11,050,738,957.21	11,547,462,955.23
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		9,570,517,404.10	11,050,738,957.21

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd.

Amount: RMB Yuan

Item	Line No.	2023												
		Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profits		
			Preference share	Perpetual debt	Others									
I. Balance at the end of previous year	1	2,000,000,000.00				53,573,768,332.52		168,168,011.34		364,057,591.55		4,197,278,438.04	1,348,701,608.27	61,651,973,981.72
Changes in accounting policies	2													
Corrections of prior period errors	3													
Business combination under common control	4					153,363,722.25				2,503,542.36		12,468,893.03		168,336,157.64
Others	5													
II. Balance at the beginning of the year	6	2,000,000,000.00				53,727,132,054.77		168,168,011.34		366,561,133.91		4,209,747,331.07	1,348,701,608.27	61,820,310,139.36
III. Increase/(decrease) during the period	7					-46,329,327.37		-634,939.40				150,396,781.71	54,405,559.70	157,838,074.64
(A) Total comprehensive income	8							-634,939.40				285,455,681.71	34,405,559.70	319,226,302.01
(B) Shareholders' contributions and reduction	9					-46,329,327.37							20,000,000.00	-26,329,327.37
1. Shareholders 'contributions in ordinary share	10												20,000,000.00	20,000,000.00
2. Other equity instruments contributions	11													
3. Amount of share-based payments recognized in equity	12													
4. Others	13					-46,329,327.37								-46,329,327.37
(C) Profit distribution	14											-135,058,900.00		-135,058,900.00
1. Transfer to surplus reserve	15													
2. Transfer to general reserve	16													
3. Distributions to shareholders	17											-135,058,900.00		-135,058,900.00
4. Others	18													
(D) Transfer within equity	19													
1. Capital reserves converted to share capital	20													
2. Surplus reserves converted to share capital	21													
3. Loss made up by surplus reserves	22													
4. Changes in the defined benefit plan transferred to retained earnings	23													
5. Other comprehensive income carried transferred to retained earnings	24													
6. Others	25													
(E) Special reserves	26													
1. Additions	27													
2. Utilisation	28													
(F) Others	29													
IV. Balance at the end of the period	30	2,000,000,000.00				53,680,802,727.40		167,533,071.94		366,561,133.91		4,360,144,112.78	1,403,107,167.97	61,978,148,214.00

Legal Representative: 万永 生印

Chief Accountant: 潘民 建印

Head of Accounting Department: 李刚

(The accompanying notes are an integral part of these financial statements.)

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd.

Amount: RMB Yuan

Item	Line No.	2022												
		Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profits		
			Preference share	Perpetual debt	Others									
I. Balance at the end of previous year	1	2,000,000,000.00				53,608,342,332.52		201,323,148.50		364,057,591.55		3,940,586,377.91	1,299,901,108.96	61,414,210,559.44
Changes in accounting policies	2													
Corrections of prior period errors	3													
Business combination under common control	4					153,363,722.25				2,503,542.36		12,735,745.87		168,603,010.48
Others	5													
II. Balance at the beginning of the year	6	2,000,000,000.00				53,761,706,054.77		201,323,148.50		366,561,133.91		3,953,322,123.78	1,299,901,108.96	61,582,813,569.92
III. Increase/(decrease) during the period	7					-34,574,000.00		-33,155,137.16				256,425,207.29	48,800,499.31	237,496,569.44
(A) Total comprehensive income	8							-33,155,137.16				309,360,607.29	48,800,499.31	325,005,969.44
(B) Shareholders' contributions and reduction	9					-34,574,000.00								-34,574,000.00
1. Shareholders 'contributions in ordinary share	10					38,950,000.00								38,950,000.00
2. Other equity instruments contributions	11													
3. Amount of share-based payments recognized in equity	12													
4. Others	13					-73,524,000.00								-73,524,000.00
(C) Profit distribution	14											-52,935,400.00		-52,935,400.00
1. Transfer to surplus reserve	15													
2. Transfer to general reserve	16													
3. Distributions to shareholders	17											-52,935,400.00		-52,935,400.00
4. Others	18													
(D) Transfer within equity	19													
1. Capital reserves converted to share capital	20													
2. Surplus reserves converted to share capital	21													
3. Loss made up by surplus reserves	22													
4. Changes in the defined benefit plan transferred to retained earnings	23													
5. Other comprehensive income carried transferred to retained earnings	24													
6. Others	25													
(E) Special reserves	26													
1. Additions	27													
2. Utilisation	28													
(F) Others	29													
IV. Balance at the end of the period	30	2,000,000,000.00				53,727,132,054.77		168,168,011.34		366,561,133.91		4,209,747,331.07	1,348,701,608.27	61,820,310,139.36

Legal Representative: Chief Accountant: Head of Accounting Department:

(The accompanying notes are an integral part of these financial statements.)

Statement of Financial Position

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Items	Note XII	2023-12-31	2022-12-31
CURRENT ASSETS:			
Cash and cash equivalents		2, 933, 629, 993. 14	2, 673, 870, 249. 21
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	1, 065, 015, 830. 38	685, 812, 351. 35
Financing receivables			
Prepayments		513, 017, 666. 83	2, 347, 008, 563. 79
Other receivables	2	12, 207, 976, 156. 38	11, 952, 848, 619. 10
Including: Interest receivable			
Dividends receivable		15, 447, 600. 00	15, 447, 600. 00
Inventories		5, 196, 628, 729. 20	5, 377, 298, 138. 47
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets		732, 327, 226. 60	1, 154, 712, 379. 62
Total current assets		22, 648, 595, 602. 53	24, 191, 550, 301. 54
NON-CURRENT ASSETS:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	3	33, 871, 270, 406. 16	31, 042, 648, 975. 83
Other equity instruments investments			
Other non-current financial assets		257, 641, 142. 62	257, 641, 142. 62
Investment properties		19, 669, 539, 720. 00	19, 469, 802, 600. 00
Fixed assets		173, 824, 934. 19	185, 422, 143. 22
Construction in progress		40, 804, 162. 55	119, 489. 77
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		11, 607, 340. 69	12, 332, 576. 75
Development expenditures			
Goodwill			
Long-term prepaid expenses		514, 577. 56	631, 139. 53
Deferred tax assets		8, 131, 093. 57	3, 010, 509. 24
Other non-current assets		1, 810, 882, 804. 77	996, 956, 607. 02
Total non-current assets		55, 844, 216, 182. 11	51, 968, 565, 183. 98
Total Assets		78, 492, 811, 784. 64	76, 160, 115, 485. 52

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Statement of Financial Position (continued)

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Items	Note	2023-12-31	2022-12-31
CURRENT LIABILITIES:			
Short-term borrowings		977, 500, 000. 00	390, 000, 000. 00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		100, 000, 000. 00	40, 000, 000. 00
Accounts payable		682, 114, 543. 53	523, 300, 509. 82
Receipts in advance		1, 700, 000. 00	1, 963, 873. 00
Contract liabilities		59, 224, 403. 67	601, 346, 563. 68
Payroll and employee benefits		2, 113, 484. 30	5, 092, 855. 21
Taxes payable		9, 475, 442. 53	16, 890, 419. 00
Other payables		3, 527, 071, 314. 84	3, 807, 375, 828. 04
Including: Interest payable			
Dividends payable			
Liabilities classified as held for sale			
Current portion of non-current liabilities		5, 616, 313, 979. 51	5, 185, 119, 050. 87
Other current liabilities		5, 330, 196. 33	53, 888, 693. 32
Total Current Liabilities		10, 980, 843, 364. 71	10, 624, 977, 792. 94
NON-CURRENT LIABILITIES:			
Long-term borrowings		12, 851, 650, 000. 00	10, 418, 730, 000. 00
Bonds payable		16, 886, 945, 000. 00	17, 237, 610, 000. 00
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payable		1, 356, 197, 605. 33	1, 435, 087, 404. 57
Long-term payroll and employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		853, 584, 447. 76	795, 817, 523. 24
Other non-current liabilities			
Total non-current liabilities		31, 948, 377, 053. 09	29, 887, 244, 927. 81
Total liabilities		42, 929, 220, 417. 80	40, 512, 222, 720. 75
SHAREHOLDERS' EQUITY:			
Paid-in capital		2, 000, 000, 000. 00	2, 000, 000, 000. 00
Other equity instruments			
Including: Preferred Stock			
Perpetual debt			
Capital reserve		32, 166, 889, 538. 46	31, 971, 236, 099. 48
Less: Treasury shares			
Other comprehensive income		153, 333, 678. 77	153, 968, 108. 21
Special reserve			
Surplus reserve		366, 207, 299. 08	366, 207, 299. 08
General reserve			
Undistributed profits		877, 160, 850. 53	1, 156, 481, 258. 00
Total shareholders' equity		35, 563, 591, 366. 84	35, 647, 892, 764. 77
Total liabilities and shareholders' equity		78, 492, 811, 784. 64	76, 160, 115, 485. 52

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Income Statement

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Items	Note XII	2023	2022
1. Total revenue	4	1, 825, 604, 733. 92	1, 270, 139, 107. 32
Less: Cost of sales	4	1, 502, 856, 838. 04	891, 036, 740. 21
Taxes and surcharges		36, 691, 241. 18	123, 240, 849. 43
Selling expenses		617, 661. 03	1, 095, 640. 87
General and administrative Expenses		73, 031, 753. 85	78, 217, 137. 89
Research and development (R&D) Expenses			
Financial Expenses		804, 445, 398. 52	567, 171, 142. 14
Including: Interest expenses		740, 786, 024. 33	443, 782, 930. 22
Interest income		28, 223, 818. 20	107, 290, 452. 59
Add: Other income		166, 052. 50	203, 823. 89
Investment income	5	195, 929, 774. 70	-13, 563, 832. 31
Including: Share of profits or loss of associates and joint ventures		-8, 556, 588. 23	-14, 302, 130. 19
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains			
Net exposure hedging gains			
Gains on changes in fair value		231, 067, 698. 06	411, 929, 476. 68
Credit impairment losses		-20, 482, 337. 21	29, 978, 728. 31
Assets impairment losses		-	-
Gains from disposal of assets		-	-
2. Operating profit		-185, 356, 970. 65	37, 925, 793. 35
Add: Non-operating income		1, 095, 149. 37	2, 327, 227. 56
Less: Non-operating Expenses		403, 546. 00	630, 362. 30
3. Profit/(loss) before tax		-184, 665, 367. 28	39, 622, 658. 61
Less: Income tax expense		52, 646, 340. 19	110, 477, 051. 28
4. Net profit /(loss)		-237, 311, 707. 47	-70, 854, 392. 67
(i) Categorized by operation continuity		-237, 311, 707. 47	-70, 854, 392. 67
(ii) Categorized by ownership			
5. Other comprehensive income, net of tax		-634, 429. 44	-33, 920, 630. 01
(i) Other comprehensive income that will not be reclassified to profit or loss			-
a. Remeasurement gains or losses of a defined benefit plans			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss		-634, 429. 44	-33, 920, 630. 01
a. Other comprehensive income that can be reclassified to profit or loss in equity method		-634, 429. 44	-34, 229, 376. 13
b. Changes in fair value of other debt investments			
c. Change in the fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Reclassification of held-to-maturity investments as available-for-sale financial assets			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedge reserve (effective part of profit and loss of cash flow hedging)			
h. Exchange differences on translation of foreign currency financial statements			
i. Others			308, 746. 12
6.Other comprehensive income, net of tax		-237, 946, 136. 91	-104, 775, 022. 68
7. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Statement of Cash Flows

Prepared by: Zhengzhou Urban Development Group Co., Ltd. | Amount: RMB Yuan

Items	Note	2023	2022
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		965, 580, 606. 35	809, 415, 086. 29
Tax refunds received		4, 307, 464. 99	202, 235, 973. 86
Cash received relating to other operating activities		6, 583, 062, 574. 61	4, 070, 083, 127. 63
Sub-total of cash inflows		7, 552, 950, 645. 95	5, 081, 734, 187. 78
Cash paid for purchase of goods and services		544, 659, 209. 87	1, 876, 473, 852. 16
Cash paid to and on behalf of employees		51, 086, 193. 75	47, 344, 933. 00
Cash paid for taxes		37, 550, 169. 77	154, 811, 264. 04
Cash paid relating to other operating activities		5, 119, 339, 679. 89	3, 163, 207, 523. 68
Sub-total of cash outflows		5, 752, 635, 253. 28	5, 241, 837, 572. 88
Net cash flows from operating activities		1, 800, 315, 392. 67	-160, 103, 385. 10
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from investment income		124, 926, 362. 93	22, 100, 000. 00
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows		124, 926, 362. 93	22, 100, 000. 00
Purchase of property, plant and equipment, intangible assets and other non-current assets		280, 831, 216. 98	124, 426, 850. 28
Cash paid for investments		2, 642, 159, 009. 02	885, 999, 991. 00
Cash Paid for disposal of subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows		2, 922, 990, 226. 00	1, 010, 426, 841. 28
Net cash flows from investing activities		-2, 798, 063, 863. 07	-988, 326, 841. 28
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment			21, 370, 000. 00
Proceeds from borrowings		10, 338, 000, 000. 00	7, 814, 028, 660. 00
Cash receipts relating to other financing activities		329, 500, 454. 70	769, 000, 000. 00
Subtotal of cash inflows		10, 667, 500, 454. 70	8, 604, 398, 660. 00
Repayments for debts		7, 311, 380, 000. 00	6, 182, 750, 000. 00
Cash payments for distribution of dividends or profit and interest expenses		1, 607, 430, 218. 60	1, 415, 741, 436. 06
Cash payments relating to other financing activities		501, 182, 233. 74	366, 993, 838. 24
Subtotal of cash outflows		9, 419, 992, 452. 34	7, 965, 485, 274. 30
Net cash flows from financing activities		1, 247, 508, 002. 36	638, 913, 385. 70
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		249, 759, 531. 96	-509, 516, 840. 68
Add: Cash and cash equivalents at beginning of year		2, 633, 869, 794. 51	3, 143, 386, 635. 19
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		2, 883, 629, 326. 47	2, 633, 869, 794. 51

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd. | Amount: RMB Yuan

Items	No.	2023										
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	Total shareholders' equity
			Preference share	Perpetual debt	Others							
I. Balance at the end of previous year	1	2,000,000,000.00				31,971,236,099.48		153,968,108.21		366,207,299.08	1,156,481,258.00	35,647,892,764.77
Changes in accounting policies	2											
Corrections of prior period errors	3											
Others	4											
II. Balance at the beginning of the year	5	2,000,000,000.00				31,971,236,099.48		153,968,108.21		366,207,299.08	1,156,481,258.00	35,647,892,764.77
III. Increase/(decrease) during the period	6					195,653,438.98		-634,429.44			-279,320,407.47	-84,301,397.93
(A) Total comprehensive income	7							-634,429.44			-237,311,707.47	-237,946,136.91
(B) Shareholders' contributions and reduction	8					195,653,438.98						195,653,438.98
1. Shareholders' contributions in ordinary share	9											
2. Other equity instruments contributions	10											
3. Amount of share-based payments recognized in equity	11											
4. Others	12					195,653,438.98						195,653,438.98
(C) Profit distribution	13										-42,008,700.00	-42,008,700.00
1. Transfer to surplus reserve	14											
2. Distributions to shareholders	15										-42,008,700.00	-42,008,700.00
3. Others	16											
(D) Transfer within equity	17											
1. Capital reserves converted to share capital	18											
2. Surplus reserves converted to share capital	19											
3. Loss made up by surplus reserves	20											
4. Changes in the defined benefit plan transferred to retained earnings	21											
5. Other comprehensive income carried transferred to retained earnings	22											
6. Others	23											
(E) Special reserves	24											
1. Additions	25											
2. Utilisation	26											
(F) Others	27											
IV. Balance at the end of the period	28	2,000,000,000.00				32,166,889,538.46		153,333,678.77		366,207,299.08	877,160,850.53	35,563,591,366.84

Legal Representative: 万永生印

Chief Accountant: 潘建民印

Head of Accounting Department: 李刚

(The accompanying notes are an integral part of these financial statements)

Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Items	No.	2022										
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	Total shareholders' equity
			Preference share	Perpetual debt	Others							
I. Balance at the end of previous year	1	2,000,000,000.00				32,023,390,099.48		187,888,738.22		366,207,299.08	1,261,441,350.67	35,838,927,487.45
Changes in accounting policies	2											
Corrections of prior period errors	3											
Others	4											
II. Balance at the beginning of the year	5	2,000,000,000.00				32,023,390,099.48		187,888,738.22		366,207,299.08	1,261,441,350.67	35,838,927,487.45
III. Increase/(decrease) during the period	6					-52,154,000.00		-33,920,630.01			-104,960,092.67	-191,034,722.68
(A) Total comprehensive income	7							-33,920,630.01			-70,854,392.67	-104,775,022.68
(B) Shareholders' contributions and reduction	8					-52,154,000.00						-52,154,000.00
1. Shareholders' contributions in ordinary share	9					21,370,000.00						21,370,000.00
2. Other equity instruments contributions	10											
3. Amount of share-based payments recognized in equity	11											
4. Others	12					-73,524,000.00						-73,524,000.00
(C) Profit distribution	13										-34,105,700.00	-34,105,700.00
1. Transfer to surplus reserve	14											
2. Distributions to shareholders	15										-34,105,700.00	-34,105,700.00
3. Others	16											
(D) Transfer within equity	17											
1. Capital reserves converted to share capital	18											
2. Surplus reserves converted to share capital	19											
3. Loss made up by surplus reserves	20											
4. Changes in the defined benefit plan transferred to retained earnings	21											
5. Other comprehensive income carried transferred to retained earnings	22											
6. Others	23											
(E) Special reserves	24											
1. Additions	25											
2. Utilisation	26											
(F) Others	27											
IV. Balance at the end of the period	28	2,000,000,000.00				31,971,236,099.48		153,968,108.21		366,207,299.08	1,156,481,258.00	35,647,892,764.77

Legal Representative: Chief Accountant: Head of Accounting Department:

(The accompanying notes are an integral part of these financial statements)

Zhengzhou Urban Development Group Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(All amounts in RMB yuan unless otherwise stated)

I. GENERAL INFORMATION

(1) The History

Zhengzhou Urban Development Group Co., Ltd. (from now on referred to as "the Company" or "Company") is approved by "Zhengzhou Municipal People's Government's Reply on the Reorganization Plan of Zhengzhou Real Estate Group" (Zheng Zhenghan [2011] No. 31) and "Notice of Zhengzhou Real Estate Group Co., Ltd. on the Establishment of Zhengzhou Real Estate Group Co., Ltd." (Zheng Guozi [2010] No. 284) approval. Established based on Zhengzhou Real Estate Group, the company will undertake all the assets, liabilities, and business of Zhengzhou Real Estate Group.

The Company is a state-owned limited liability company established by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (from now on referred to as "Zhengzhou State-owned Assets Supervision and Administration Commission") with a capital contribution of RMB 500 million. The first phase invested RMB 100 million, which was verified by Henan Tianming Certified Public Accountants Co., Ltd. and verified on January 13, 2011, with Tianming Yanzi [2011] No. 01-001 Capital Verification Report; The second phase invested RMB 400 million, which was verified by Henan Century United Certified Public Accountants Co., Ltd., and was verified on August 27, 2012, with the verification report of YushiKuai [2011] No. 024.

On December 11, 2012, approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on the Increase of Registered Capital of Real Estate Group Co., Ltd. (Zheng Guozi [2012] No. 283), The registered capital of the Company has increased from RMB 500 million to RMB 2 billion, and the Zhengzhou Municipal State-owned Assets Supervision and Administration Commission has increased capital by physical assets and monetary funds. The capital contribution was verified by Henan Century United Certified Public Accountants Co., Ltd. and verified on December 11, 2012, with YuShi Yan Zi (2012) No. 033 Capital Verification Report.

In December 2022, the Company's name was changed from Zhengzhou Real Estate Group Co., Ltd. to

Zhengzhou Urban Development Group Co., Ltd.

As of December 31, 2023, the capital contribution of the Government's State-owned Assets Supervision and Administration Commission of the Zhengzhou Municipal People's Government is RMB 2 billion yuan, accounting for 100%.

(2) Registered Address and Headquarters Address and the Form of Business Organisation

Registered Address: No. 23, Tongbai South Road, Zhongyuan District, Zhengzhou City
Form of Business Organisation: Limited Liability Company (State-owned Company)
Registration No. Of Legal Entity's Business License: 91410100568644722R
Legal Representative: Wan Yongsheng
Registered capital: RMB 2 billion yuan
Term of Business: From January 28, 2011, to January 27, 2031

(3) Business nature and main business activities of the company

Industrial investment; land first-level development; old city transformation; infrastructure construction and management; urban asset operation management; real estate development and operation (the above projects are operated with valid qualification certificates).

II. PREPARATION BASIS OF FINANCIAL STATEMENTS

(1) Basis of preparation of financial statements

The company's financial statements are based on the going concern assumption, based on actual transactions and events, by the "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No. 33 and revised by Ministry of Finance Order No. 76), the preparation of disclosure requirements for 42 specific accounting standards, application guidelines for business accounting standards, interpretations of business accounting standards and other related regulations (from now on collectively referred to as "business accounting standards") promulgated and revised on or after February 15, 2006.

(2) Going concern

The Company can continue as a going concern for at least 12 months from the end of the reporting period, and no major event affects the ability to continue as a going concern.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the company comply with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and their application guidelines and interpretation requirements and truly and completely reflect the company's financial status as of December 31, 2023, and the operating results and changes in owner's equity in 2023. and cash flow and other related information.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting period

The company's accounting year is from January 1 to December 31.

(2) Reporting currency

The Company's functional currency is Renminbi (RMB).
Unless otherwise stated, the amount is expressed in RMB yuan.

(3) Accounting basis and pricing principle

Unless otherwise specified, the Company generally adopts historical costs when preparing the financial statements.

(4) Criteria for materiality

Criteria/benchmarks for determining materiality selection	Determine proportions or properties consistent with significance.
Important individual accounts receivable with provision for bad debts	Amount ≥ 50 million yuan

(5) Business combination

1. Business merger refers to a transaction or event that combines two or more separate enterprises to form a reporting entity.

The company's business combinations are divided into business combinations under the same control and business combinations not under the same control. Suppose the enterprises participating in the merger are ultimately controlled by the same party or the same parties before and after the merger, and the control is not temporary. In that case, it is a business merger under the same control. If the parties involved in the merger are not ultimately controlled by the same party or the same parties before and after the merger, it is a business merger not under the same control.

2. For business mergers under common control, the assets and liabilities acquired by the merging party in

the business combination shall be measured according to the book value of the merged party on the date of the merger. The difference between the book value of the net assets obtained by the merging party and the book value of the merger consideration paid (or the total face value of the shares issued) shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted. All directly related expenses incurred by the merging party for the business merger, including audit fees, evaluation fees, legal service fees, etc., paid for the business merger shall be included in the current profit and loss when incurred. Fees, commissions, etc., paid for bonds issued for business mergers or assuming other debts shall be included in the initial measurement amount of the bonds issued and other debts. The handling fees, commissions and other expenses incurred during the issuance of equity securities during a business combination shall be offset against the premium income of the equity securities. If the premium income is insufficient to offset it, it shall be offset against the retained earnings.

Suppose a business merger creates a parent-subsidiary relationship. In that case, the parent company shall prepare a consolidated balance sheet, income statement, and cash flow statement for the merger date. The assets and liabilities of the merged party in the consolidated balance sheet are measured according to their book values. The consolidated income statement includes the income, expenses and profits incurred by the parties participating in the merger from the beginning of the current period to the merger date. The net profit realized by the merged party before the merger is reflected as a separate item in the consolidated income statement. The consolidated cash flow statement shall include the cash flows of the parties participating in the merger from the beginning of the current period to the merger date.

If the merged party were acquired by the ultimate controlling party from a third party in the previous year, it would be deemed that the reporting entity formed after the merger has been integrated and has survived since the ultimate controlling party began to exercise control. The assets and liabilities of the merged party (Including the goodwill formed by the ultimate controlling party's acquisition of the merged party) and the relevant accounting treatment are carried out based on the book value in the financial statements of the ultimate controlling party. The period for retrospective adjustment of the comparative data of the merging party's financial statements shall not be earlier than when both parties were under the control of the ultimate controlling party, whichever is later.

3. For business combinations not under common control, the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party shall be regarded as the merger cost.

In a business merger not under the same control, the intermediary fees such as auditing, legal services, evaluation consulting and other related management expenses incurred by the purchaser for the business combination shall be included in the current profit and loss when incurred; the equity issued by the purchaser as consideration for the merger shall Transaction costs for securities or debt securities shall be included in the initial recognition amount of equity securities or debt securities.

On the purchase date, the assets paid and liabilities incurred or assumed by the purchaser as consideration for the business combination are measured at fair value, and the difference between the fair value and its book value is included in the current profit and loss.

The difference between the merger cost and the fair value of the acquiree's identifiable net assets obtained in the merger is recognized as goodwill by the buyer. When the merger cost is less than the fair value share of the acquiree's identifiable net assets acquired in the merger, the purchaser shall review the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the merger costs; If the merger cost is still less than the fair value share of the acquiree's identifiable net assets obtained in the merger after review, the difference shall be included in the current profit and loss.

Suppose a parent-subsidiary relationship is formed through a business merger. In that case, the parent company shall prepare a consolidated balance sheet on the purchase date, and the identifiable assets, liabilities, and contingent liabilities of the purchased party acquired due to the business merger shall be listed at fair value.

(6) Base of consolidated financial statements

1. Principles for determining the scope of consolidation

The scope of consolidation in consolidated financial statements is determined based on control. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

The parent company includes all subsidiaries it controls in the scope of the consolidated financial statements. At the same time, although the parent company owns half or less of the voting rights of the invested unit, through some arrangement, the parent company can control the invested unit, and the invested unit will be recognized as a subsidiary and included in the scope of the consolidated financial statements. However, this is accepted if there is evidence that the parent company cannot control the investee.

For special purpose entities over which the company has control as a sponsor or operating entities that have control through entrusted operations or leases, the parent company will also include them in the scope of the consolidated financial statements.

2. Preparation method of consolidated financial statements

The consolidated financial statements are based on the individual financial statements of the parent company and the subsidiaries included in the consolidation scope. They are based on other relevant information and are prepared by the parent company. During the merger, internal equity investments and subsidiary owners' equity, internal investment income and subsidiary profit distributions, internal transactions, and internal claims and debts are offset.

3. Presentation of non-controlling shareholders' interests and profits and losses

The share of non-controlling shareholders' equity in the current period's net profit and loss of a subsidiary is listed as the "non-controlling shareholders' profit and loss" item under the net profit item in the consolidated income statement.

The share of non-controlling shareholders' equity in the owner's equity of a subsidiary is listed as "non-controlling shareholders' equity" under the owner's equity item in the consolidated balance sheet.

4. Handling of excess losses
In the consolidated financial statements, if the current losses shared by non-controlling shareholders of a subsidiary exceed the non-controlling shareholders' share of the opening owner's equity of the subsidiary, the balance should still be offset against non-controlling shareholders' equity.

5. Processing of consolidated statements for adding or reducing subsidiaries in the current period
Suppose the parent company adds subsidiaries due to a business combination under common control during the reporting period. In that case, the opening balance of the consolidated balance sheet will be adjusted when it is prepared. For subsidiaries added due to a business combination not under common control, the opening balance of the consolidated balance sheet will not be adjusted when preparing the consolidated balance sheet.

When the parent company disposes of its subsidiaries during the reporting period and prepares the consolidated balance sheet, it does not adjust the opening balance of the consolidated balance sheet.
Suppose the parent company adds a subsidiary due to a business merger under common control during the reporting period. In that case, the consolidated income statement will include the subsidiary's income, expenses, and profits from the beginning of the current period to the end of the reporting period. The cash flow of the subsidiary from the beginning of the current period to the end of the reporting period will be included. Incorporated into the consolidated cash flow statement.

Suppose the parent company adds a subsidiary due to a business combination not under common control during the reporting period. In that case, the income, expenses, and profits from the subsidiary's acquisition date to the end of the reporting period will be included in the consolidated income statement. The cash flow from the date of acquisition of the subsidiary to the end of the reporting period will be included in the consolidated income statement. Consolidated Cash Flow Statement.

When the parent company disposes of a subsidiary during the reporting period, the subsidiary's income, expenses, and profits from the beginning to the date of disposal will be included in the consolidated income statement. The cash flow of the subsidiary from the beginning of the period to the date of disposal will be included in the consolidated cash flow statement.

6. Unification of accounting policies and accounting periods of the parent company and subsidiaries
The parent company unifies the accounting policies and periods adopted by the subsidiaries so that the accounting policies and periods adopted by the subsidiaries are consistent with those of the parent company.

Suppose the accounting policies adopted by a subsidiary are inconsistent with those of the parent company. In that case, necessary adjustments will be made to the subsidiary's financial statements according to the parent company's accounting policies, or the subsidiary will be required to prepare separate financial statements according to the parent company's accounting policies.

If the subsidiary's accounting period is inconsistent with that of the parent company, the subsidiary's financial statements should be adjusted according to the parent company's accounting period, or the subsidiary should be required to prepare separate financial statements according to the parent company's accounting period.

(7) Cash and cash equivalents

When making a cash flow statement, the cash and cash equivalents of the comprise means deposits that can be readily drawn on demand and short-term (within 3 months), highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign operations and foreign currency translation

1. Foreign currency business

When the Company's foreign currency business initially occurs, the foreign currency amount is converted into the accounting functional currency using the spot exchange rate on the transaction date.

On the balance sheet date, the balance of foreign currency monetary items is translated using the spot exchange rate. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date, Except for exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated by the principle of capitalization of borrowing costs, they are all included in the current profits and losses. Foreign currency non-monetary items measured at historical cost are converted using the spot exchange rate on the transaction date without changing the amount in the recording currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The exchange difference arises from the difference between the spot exchange rate when the fair value is determined and the spot exchange rate at the time of initial recognition or the previous balance sheet date. , included in current profit or loss or other comprehensive income.

2. Conversion of foreign currency statements

Assets and liability items in the balance sheet of overseas operations are translated at the spot exchange rate on the balance sheet date; owners' equity items, except for the "undistributed profits" items, are translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements resulting from the above translation shall be presented separately under the owner's equity item on the balance sheet. The cash flow statement is translated using the spot exchange rate on the date when the cash flow occurs. The impact of exchange rate changes on cash is presented separately in the cash flow statement as an adjustment item.

Foreign currency monetary items that essentially constitute a net investment in a subsidiary are reflected in the accounting functional currency of the parent company or subsidiary, and the exchange differences arising from the foreign currency monetary items are transferred to "foreign currency statement translation differences."

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate on the date when the cash flows occur.

When disposing of an overseas operation, the translation difference of the foreign currency financial statements listed under the owner's equity item in the balance sheet and related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of the disposal; for partial disposal of the overseas operation, the difference shall be transferred according to the disposal The foreign currency financial statement translation difference of the disposal part is calculated according to the proportion and transferred to the current profit and loss of the disposal.

(9) Financial instruments

A financial asset or liability is recognized when the Company becomes a party to a financial instrument contract.

1. Classification, recognition, and measurement of financial assets

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company divides financial assets into financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, financial assets measured at fair value and whose changes are included in current profits and losses.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss; for other types of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not contain or consider significant financing components, the amount of consideration the company is expected to receive shall be regarded as the initial recognition amount.

①Financial assets measured at amortized cost

The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows as the goal. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements; the cash flows generated on a specific date are only A payment of principal and interest on the outstanding principal amount. The Company adopts the actual interest rate method for such financial assets and conducts subsequent measurements at amortized cost. The current profits and losses include gains or losses arising from amortization or impairment.

②Financial assets measured at fair value and changes included in other comprehensive income

The Company's business model for managing such financial assets aims at collecting and selling contractual cash flows, and the contractual cash flow characteristics are consistent with the basic lending arrangements. The Company measures such financial assets at fair value, and their changes are included in other comprehensive income. However, impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest method are included in the current profit and loss.

In addition, the Company designates certain investments in non-trading equity instruments as financial assets measured at fair value through other comprehensive income. The company includes the relevant dividend income of this type of financial asset in the current profit and loss, and the changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③Financial assets measured at fair value and changes included in current profits and losses
The Company classifies financial assets other than the above-mentioned financial assets measured at amortized cost and those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss for the current period. In addition, at the time of initial recognition, to eliminate or significantly reduce accounting mismatches, the Company designated some financial assets as financial assets measured at fair value and whose changes are included in current profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and changes in fair value are included in the current profit and loss.

2. Classification, recognition, and measurement of financial liabilities
Financial liabilities are classified upon initial recognition into those measured at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

①Financial liabilities measured at fair value and whose changes are included in current profits and losses
Financial liabilities measured at fair value through profit and loss for the current period include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit and loss for the current period upon initial recognition.
Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for those related to hedging accounting, changes in fair value are included in current profits and losses.

Suppose a financial liability is designated as a financial liability at fair value through profit or loss for the current period. In that case, changes in the liability's fair value caused by changes in the company's credit risk will be included in other comprehensive income. When the liability is derecognized, it will be included in other comprehensive income. The accumulated changes in fair value caused by changes in its own credit risk are transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If handling the impact of changes in the credit risk of such financial liabilities in the above manner will cause or expand accounting mismatches in profits and losses, the company will treat all gains or losses from the financial liabilities (including the impact of changes in the company's own credit risk) as amount) shall be included in the current profit and loss.

②Other financial liabilities
Except for financial liabilities and guarantee contracts arising from the transfer of financial assets that do not meet the conditions for termination of recognition or continued involvement in the transferred financial assets, other financial liabilities are classified as liabilities measured at amortized cost and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the

current profits and losses.

3. Recognition basis and measurement method of financial asset transfer

Financial assets that meet one of the following conditions shall be derecognized: ① the contractual right to receive the cash flow of the financial asset terminates; ② the financial asset has been transferred, and almost all risks and rewards of ownership of the financial asset have been transferred to the transferee; ③the financial asset has been transferred. Although the enterprise neither transfers nor retains almost all risks and rewards of ownership of the financial asset, it has given up control.

Suppose the enterprise neither transfers nor substantially retains all the risks and rewards of ownership of the financial assets and does not relinquish control. In that case, the relevant financial assets will be recognized to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities will be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

Suppose the overall transfer of financial assets meets the conditions for derecognition. In that case, the difference between the book value of the transferred financial assets, the sum of the consideration received for the transfer, and the cumulative amount of changes in fair value originally included in other comprehensive income will be included in the current profit and loss.

Suppose the partial transfer of financial assets meets the conditions for derecognition. In that case, the book value of the transferred financial assets will be apportioned between the derecognized and non-derecognized parts according to their relative fair values. The consideration received for the transfer will be apportioned to the difference between the sum of the accumulated changes in fair value originally included in other comprehensive income and the above amount apportioned for the derecognized part, which is included in the current profit and loss.

When the company sells financial assets with recourse or endorses and transfers financial assets it holds, it needs to determine whether substantially all the risks and rewards of ownership of the financial assets have been transferred. If almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards of the ownership of the financial asset have been retained, the recognition of the financial asset shall not be deactivated; there is no transfer If it does not retain substantially all the risks and rewards of ownership of a financial asset, it will continue to determine whether the enterprise retains control over the asset and perform accounting treatment according to the principles described in the previous paragraphs.

4. Termination of recognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the company (borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability will be terminated and recognized at the same time. Item new financial liabilities. Suppose the company substantially modifies the original financial liability contract terms (or part thereof). In that case, it will terminate the recognition of the original financial liability and recognize a new financial liability by the modified terms.

Suppose a financial liability (or part thereof) is derecognized. In that case, the Company will include the difference between its book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) into the current profit and loss.

5. Offset of financial assets and financial liabilities
When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and the legal right is currently enforceable, and the company plans to settle on a net basis or realize the financial assets and pay off the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Determination method of fair value of financial assets and financial liabilities
Fair value refers to the price received from selling an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the Company determines its fair value using the quoted price in the active market. Quotes in active markets refer to prices easily obtainable regularly from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices of market transactions that occur in fair transactions. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions between parties familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow methods and option pricing models, etc. When valuing, the company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information and selects assets or liabilities that are consistent with the characteristics of the assets or liabilities that market participants consider in transactions of related assets or liabilities. Input values prefer relevant observable input values whenever possible. Non-imputable values are used when the relevant observable input values cannot be obtained or are impracticable.

7. Equity instruments
Equity instruments are contracts that evidence ownership of a residual interest in the company's assets after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments is treated as a change in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.
If the company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they will be treated as profit distribution.

(10)Impairment of financial assets

The financial assets the company needs to confirm impairment losses are those measured at amortized cost and debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, and other receivables. Collection etc. In addition, impairment provisions are made for some financial guarantee contracts, and credit impairment losses are recognized by the accounting policies described in this section.

1. Recognition method of impairment provision
Based on expected credit losses, the Company makes impairment provisions. It recognizes credit impairment losses for the above items by its applicable expected credit loss measurement method (general or simplified).

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the company, discounted at the original actual interest rate, that is, the present value of all cash shortfalls. Among them, for purchased or originated financial assets that have suffered credit impairment, the company discounts them according to the credit-adjusted actual interest rate of the financial assets.

The general method for measuring expected credit losses means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the company shall assess the credit risk equivalent to Loss provisions are measured based on the number of expected credit losses during the entire duration; if the credit risk has not increased significantly since initial recognition, the company measures loss provisions based on an amount equivalent to expected credit losses within the next 12 months. The Company considers all reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the company assumes that its credit risk has not increased significantly since initial recognition and chooses to measure loss provisions based on expected credit losses within the next 12 months/does not choose the simplified treatment method, based on whether its credit risk has increased significantly since initial recognition. The amount of expected credit losses in the next 12 months or the entire duration is used to measure loss provisions.

2. Criteria for judging whether credit risk has increased significantly since initial recognition
Suppose the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability within the expected duration determined at initial recognition. In that case, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk in the next 12 months as a reasonable estimate of the change in default risk during the entire duration to determine whether credit risk has increased significantly since initial recognition.

The company will consider the following factors (but not limited to) when assessing whether credit risk has increased significantly:
1) Whether the debtor's actual or expected operating results have changed significantly.
2) Whether there have been significant adverse changes in the regulatory, economic, or technological environment in which the debtor operates.
3) Whether there has been a significant change in the value of the collateral used for the debt or the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the

debtor's economic motivation to repay within the contract's specified time limit or affect the probability of default.

4) Whether the debtor's expected performance and repayment behaviour have changed significantly.

5) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of the financial instrument is low, the borrower can fulfill its contractual cash flow obligations in the short term. Even if there are adverse changes in the economic situation and operating environment in the longer term, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations. , the financial instrument is considered to have lower credit risk.

3. Determination criteria for credit-impaired financial assets: When one or more events that hurt a financial asset's expected future cash flows occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information (but is not limited to):

1) The issuer or debtor encounters major financial difficulties.

2) The debtor violates the contract, such as default or overdue payment of interest or principal.

3) The creditor grants concessions to the debtor that the debtor would not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.

4) The debtor will likely go bankrupt or undergo other financial reorganization.

5) Financial difficulties of the issuer or debtor cause the active market for the financial asset to disappear.

6) Purchase or originate a financial asset at a substantial discount that reflects credit losses have occurred.

Credit impairment of financial assets may be caused by the combined effect of multiple events and may not be caused by an individually identifiable event.

4. Portfolio method to assess expected credit risk on a portfolio basis

The company evaluates the credit risk of financial assets with significantly different credit risks individually, such as accounts receivable from related parties within the scope of consolidation, accounts receivable that are in dispute with the other party or involved in litigation or arbitration; there are obvious signs that the debtor is likely to Accounts receivable that cannot fulfill their repayment obligations, etc.

In addition to financial assets for individual credit risk assessment, the Company divides financial assets into portfolios based on common risk characteristics. The common credit risk characteristics adopted by the Company include financial instrument type, credit risk rating, aging portfolio, etc., based on the portfolio to assess credit risk.

5. Accounting treatment method for impairment of financial assets

The Company calculates the estimated credit losses of various types of financial assets. If the estimated credit losses are greater than the current carrying amount of impairment provisions, the difference will be recognized as impairment losses; if it is less than the current carrying amount of impairment provisions, the difference will be recognized as impairment gains.

6. Methods for determining credit losses of various financial assets

The Company evaluates the expected credit losses of financial instruments individually and collectively.

The Company considers the credit risk characteristics of different customers and evaluates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

①Notes receivable
The Company measures loss provisions for notes receivable based on an amount equivalent to the expected credit losses during the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Item	The basis for determining the combination
Bank acceptance draft	The acceptor is a bank with less credit risk.
Trade acceptance draft	Different combinations are divided according to the credit risk characteristics of the acceptor, based on the same "accounts receivable."

②Accounts receivable
For receivables that do not contain significant financing components, the Company measures loss provisions based on an amount equivalent to the expected credit losses during the entire duration. For receivables that contain significant financing components, the company measures loss provisions based on whether the credit risk has increased significantly since initial recognition and uses the number of expected credit losses in the next 12 months or throughout the duration.

As part of credit risk management, the Company determines the credit losses of debtors with major financial difficulties or business customers with credit decline individually on a single asset basis; for the remaining accounts receivable, the credit losses are determined on a combined basis. For accounts receivable for which bad debt provisions are made based on a combination of credit risk characteristics, the aging of accounts receivable is prepared and compared with the expected credit loss rate for the entire duration, based on reference to historical credit loss experience, current conditions, and predictions of future economic conditions. Table to calculate expected credit losses. The Company's accounts receivable classification:

Item	The basis for determining the combination
Accounts receivable with a single provision for bad debts	The Company conducts separate impairment tests for receivables with a significant single amount. It conducts impairment tests for financial assets with no impairment in separate tests, including in a portfolio of financial assets with similar credit risk characteristics. Receivables for which impairment losses have been confirmed in a single test are no longer included in a portfolio with similar credit risk characteristics for impairment testing.
Accounts receivable with bad debt provision based on a combination of credit risk	

characteristics	
Accounts receivable with bad debt provision based on a combination of credit risk characteristics	This combination takes the aging of receivables as the credit risk characteristic.
Low credit risk combination	Accounts receivable (accounts receivable and other receivables) from related party companies and government units within the scope of the Company's consolidation. The risk of uncollectible is expected to be low, so such receivables are considered a low-credit risk portfolio.

For the above items:
The Company does not accrue bad debt provisions for related party portfolios in low credit risk portfolios.

For the government sector portfolio in the low credit risk portfolio, the company accrues bad debt provisions at 0.1%.

Comparison table of aging of accounts receivable-credit risk characteristics combination and expected credit loss rate throughout the duration:

Aging	Expected credit loss rate (%)
Within 1 year (including 1 year)	1
1—2 years	5
2—3 years	10
3—4 years	30
4—5 years	50
More than 5 years	100

③Other receivables
The company assesses on each balance sheet date whether its credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage. The amount of expected credit losses is used to measure loss provisions. The specific measurement method is to determine credit losses on a combination basis and make provision for bad debts for other receivables based on combinations of credit risk characteristics concerning historical credit loss experience, current conditions, and future economic expectations. Based on the status forecast, prepare a comparison table between the aging of other receivables and the expected credit loss rate throughout the duration to calculate the expected credit losses. Please refer to the above for the comparison table between the aging of the specific credit risk characteristics combination and the expected credit loss rate throughout the duration. ②; If the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and the company will measure the loss provision at an amount

equivalent to the expected credit losses during the entire duration; if credit impairment occurs after initial recognition If it is impaired, it is in the third stage, and the company measures the loss provision based on an amount equivalent to the expected credit loss during the entire duration. For financial instruments with only low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition.

④Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤Other debt investments

Other debt investments include bond investments measured at fair value, whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥Long-term receivables (except receivables containing significant financing components and lease receivables)

The company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses within the next 12 months or the entire duration.

(11) Inventories

1. Classification of inventory

Inventories refer to the finished products or commodities held by the company for sale in daily activities, products in the production process, raw materials consumed in the production process or the provision of labour services, development costs, contract performance costs, low-cost Valuable consumables, inventory items, etc.

2. Valuation method for issued inventory

The company's inventories are recorded at the actual cost at the time of acquisition; low-value consumables are amortized once upon receipt; contract performance costs and development costs are carried forward using the individual valuation method; other costs are carried forward based on the weighted average method when issued.

3. Basis for determining the net realizable value of inventories and method of accruing inventory depreciation reserves

On the balance sheet date, inventories are measured at a lower cost and net realizable value.

Net realizable value refers to the estimated inventory selling price in daily activities minus the costs incurred upon completion, estimated sales expenses, and related taxes.

The specific methods for determining the net realizable value of different inventories are as follows:
① Inventories of finished goods, commodities and materials for sale that are directly used for sale shall be determined based on the estimated selling price of the inventory minus the estimated sales expenses and related taxes during the normal production and operation process. Net realizable value.
② For materials inventory that needs to be processed in the normal production and operation process, the amount is determined based on the estimated selling price of the finished products minus the estimated costs to be incurred upon completion, the estimated sales expenses and relevant taxes. Net realizable value.
③ On the balance sheet date, if part of the same inventory has a contract price and other parts do not have a contract price, the net realizable value shall be determined respectively and compared with its corresponding cost to determine the accrual or transfer of inventory depreciation reserves. The amount returned. For inventories held for the execution of sales contracts or service contracts, the net realizable value is calculated based on the contract price. Suppose the quantity of inventory held by the enterprise is greater than the quantity ordered in the sales contract. In that case, the net realizable value of the excess inventory shall be calculated based on the general sales price.

The company accrues inventory depreciation reserves based on individual inventory items on the balance sheet date. Inventory depreciation provisions are made according to the inventory category for large quantities and low unit prices for inventories. The company provides inventory depreciation for the difference between the net realizable value of the inventory and the book value, which is included in the current profit and loss. Suppose the inventory value recovers in subsequent periods. In that case, the amount of the inventory depreciation reserve originally accrued will be reversed, and the reversed amount will be included in the current profit and loss.

4. Inventory system
The company's inventory adopts the perpetual inventory system.

5. Amortization method for low-value consumables and packaging materials
Low-value consumables and packaging materials are valued at actual cost when they are obtained and are accounted for using the one-time amortization method when they are used.

(12) Contract assets
If the company has transferred goods or services to customers and has the right to receive consideration, and the right depends on factors other than the passage of time, it is recognized as a contract asset. The Company's unconditional (i.e., subject only to the passage of time) right to receive customer consideration is presented separately as receivables.

For details of the Company's determination method and accounting treatment method of expected credit losses on contract assets, please refer to Note IV. (10) Impairment of Financial Instruments.

(13) Long-term equity investments
Long-term equity investment is divided into long-term equity investment in subsidiaries, long-term equity investment in joint ventures, and long-term equity investment in associates.

1. Determination of investment cost

The investment cost of a long-term equity investment formed by a business merger shall be determined by the following provisions:

① For long-term equity investments formed by the merger of enterprises under common control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the book value of the owner's equity of the merged party shall be calculated on the date of the merger. A share of value is the investment cost of a long-term equity investment. The difference between the investment cost of long-term equity investment and the consideration paid shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.

② For long-term equity investments formed by business combinations, not under common control, the purchaser shall use the merger cost determined on the purchase date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party. For business mergers achieved step by step through multiple exchange transactions, the merger cost is the sum of the costs of each transaction. If the merger contract stipulates future events that may affect the merger costs, if it is estimated that the future events are likely to occur on the purchase date and the amount of the impact on the merger costs can be measured reliably, they will also be included in the merger costs.

③Except for long-term equity investments formed through business mergers, the investment cost of long-term equity investments obtained through other means shall be determined by the following provisions:

For long-term equity investments obtained by paying cash, the actual purchase price paid will be used as the initial investment cost.

Investment costs include fees, taxes and other necessary expenses directly related to obtaining long-term equity investment.

The long-term equity investment obtained by issuing equity securities shall be regarded as the investment cost according to the fair value of the equity securities issued; the long-term equity investment invested by the investor shall be regarded as the investment cost according to the value stipulated in the investment contract or agreement, but the value stipulated in the contract or agreement shall not be except what is fair.

For long-term equity investments obtained through the exchange of non-monetary assets, if the investment has commercial substance and the fair value of the assets exchanged or exchanged can be measured, the fair value of the assets exchanged and related taxes will be regarded as the investment cost; The difference between the fair value and the book value of the assets traded out is included in the current profit and loss; if the exchange of non-monetary assets does not meet the above two conditions at the same time, the book value of the assets swapped out and related taxes will be regarded as the investment cost;

For long-term equity investments obtained through debt restructuring, the investment cost is the fair value of the equity acquired; the difference between the investment cost and the book value of the debt is included in the current profit and loss.

When acquiring a long-term equity investment, if the investment cost includes cash dividends or profits that have been declared but not yet distributed, they will be deducted and measured separately.

For investments in associates or joint ventures, if the investment cost is greater than the fair value share of the investee's identifiable net assets that should be enjoyed at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the investment cost is less than the investment, the share of the investee's share of the fair value should be The difference between the fair value of identifiable net assets shall be included in the current profit and loss.

2. Subsequent measurement and profit and loss recognition methods

① The company's long-term equity investment in subsidiaries is accounted for using the cost method in individual financial statements and adjusted according to the equity method when preparing consolidated financial statements.

In the consolidated financial statements, when the company purchases non-controlling shareholders' equity in a subsidiary, the newly acquired long-term equity investment is equal to the share of the subsidiary's identifiable net assets calculated continuously from the date of purchase (or merger date) based on the newly added shareholding ratio. If the balance of the capital reserve (capital premium or equity premium) is insufficient for offset, the retained earnings will be adjusted.

Under the cost method, long-term equity investments accounted for using the cost method are valued at the initial investment cost, and the cost of the long-term equity investment is adjusted for additional investment or withdrawal of investment.

When the invested unit declares to distribute cash dividends or profits, in addition to the actual price paid when acquiring the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration, the investing enterprise shall enjoy the cash dividends declared and distributed by the invested unit as or profit recognition as investment income.

② The company's long-term equity investments with joint control or significant influence on the investee are accounted for using the equity method.

Under the equity method, after the company obtains a long-term equity investment, on the balance sheet date, it shall recognize investment income and other comprehensive income, respectively, according to its share of the net profit or loss and other comprehensive income realized by the investee, and adjust the long-term The book value of the equity investment; the company calculates its share based on the profits or cash dividends declared by the investee, and accordingly reduces the book value of the long-term equity investment; when the company confirms its share of the investee's net profit or loss, it obtains the investment Based on the fair value of the investee's identifiable assets at the time, the net profit of the investee is adjusted and recognized.

Unrealized gains and losses from internal transactions between the company and its associates and joint ventures are offset by the portion attributable to the company calculated based on the shareholding ratio, and investment gains and losses are recognized on this basis.

Suppose the accounting policies and periods adopted by the invested unit are inconsistent with those of the investor. In that case, the financial statements of the invested unit shall be adjusted by the investor's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly.

When the company confirms that it should share the losses incurred by the invested unit, it shall proceed in the following order: First, offset the book value of the long-term equity investment. Secondly, suppose the long-term equity investment's book value cannot offset it. In that case, investment losses will continue to be recognized to the extent of the book value of other long-term interests that essentially constitute a net investment in the invested unit, and the book value of long-term receivable items, etc., will be offset. Finally, after the above processing, if the enterprise still bears additional obligations according to the investment contract or agreement, estimated liabilities will be recognized based on the estimated obligations and included in the current investment losses. Suppose the invested unit realizes profits in the subsequent period. In that case, the company will process it in the reverse order of the above after deducting the unrecognized loss-sharing amount, writing down the book balance of the recognized estimated liabilities, and restoring other assets that constitute a net investment in the invested unit. The book value of long-term equity and long-term equity investments is recognized simultaneously as investment income.
For changes in the owner's equity of the invested unit other than net profit and loss, as well as other comprehensive income and profit distribution, the book value of the long-term equity investment should be adjusted and included in the owner's equity.

③Disposal of long-term equity investments
When a long-term equity investment is disposed of, the difference between its book value and the actual price obtained shall be included in the current profit and loss. If a long-term equity investment accounted for using the equity method is included in the owner's equity due to other changes in the owner's equity of the investee other than net profits and losses, when the investment is disposed of, the portion originally included in the owner's equity shall be transferred in a corresponding proportion, into current profit and loss.

In the consolidated financial statements, when the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal price and the subsidiary's net assets corresponding to the disposal of the long-term equity investment is included in the owner's equity.

3. Basis for determining joint control and significant influence on the invested unit
The companies that can exercise control over the invested units are the company's subsidiaries. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

A joint venture in which the company and other parties can exercise joint control over the investee is a joint venture of the company. Joint control refers to the shared control over an arrangement by relevant agreements, and the relevant activities of the arrangement must be decided only with the unanimous consent of the participants sharing control rights.

The companies that can significantly influence the invested units are the company's associates. Significant influence means that the investor has the power to participate in decision-making on the financial and operating policies of the investee. Still, it cannot control or jointly control the formulation of these policies with other parties. When determining whether it can significantly influence the invested unit, potential voting rights factors such as current convertible corporate bonds and current executable warrants held by the investor and other parties should be considered.

4. Impairment testing method and impairment provision accrual method
On the balance sheet date, if there are signs of impairment of a long-term equity investment due to continued decline in market price or deterioration in the operating conditions of the investee, etc., the net amount of the long-term equity investment less disposal costs will be calculated based on the net amount of the long-term equity investment minus the disposal costs and the estimated future The higher of the present value of the cash flows determines the recoverable amount of the long-term equity investment. When the recoverable amount of a long-term equity investment is lower than the book value, the asset's book value is reduced to the recoverable amount, and the write-down amount is recognized as an asset impairment loss and included in the current profit and loss. At the same time, the corresponding long-term equity investment deduction is accrued. Value prepared. Once the long-term equity investment impairment loss is recognized, it will not be reversed in subsequent accounting periods.

(14)Investment Properties
1. Types of investment real estate
Investment real estate refers to real estate held to earn rent, capital appreciation, or both. The investment real estate can be measured and sold separately, including ① leased land use rights; ② held and prepared for appreciation Land use rights transferred later; ③ Buildings that have been leased.

2. Measurement model of investment real estate
Investment real estate is initially measured based on the cost when acquired. On the balance sheet date, the Company adopts the fair value model for subsequent measurement of investment real estate.

3. When the company has conclusive evidence that the purpose of the real estate has changed, and when the investment real estate is converted into self-use real estate or inventory, the fair value on the conversion date shall be regarded as the book value of the self-use real estate. The difference between the fair and original book values shall be included in the current profit and loss. When a company converts self-use real estate or inventory into investment real estate, the investment real estate is valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; the fair value on the conversion date is greater than the original book value. Value: the difference shall be included in the owner's equity.

The difference between the disposal income from the sale, transfer, scrapping or damage of investment real estate after deducting its book value and relevant taxes is included in the current profit and loss.

4. Conversion of investment real estate
When the company changes the use of investment real estate, it will transfer the relevant real estate to other assets and use the book value of the investment real estate before conversion as the entry value of other assets after the conversion.

(15) Fixed assets
1. Conditions for confirmation of fixed assets
The company's fixed assets refer to tangible assets for producing goods, providing labour services, leasing or operation and management with a useful life of more than one accounting year. Fixed assets are recognized when the following conditions are met at the same time:

① The economic benefits related to the fixed asset are likely to flow into the enterprise;
The cost of the fixed asset can be measured reliably.

2. Classification of fixed assets
The company's fixed assets are classified into houses and buildings, machinery and office equipment, transportation equipment, and electronic equipment.

3. Initial measurement of fixed assets
Fixed assets are initially measured based on actual cost when acquired.
The cost of outsourced fixed assets is determined based on the purchase price, relevant taxes, transportation fees, loading and unloading fees, installation fees and professional service fees attributable to the asset that occur before the fixed asset reaches its intended usable condition.

Suppose the purchase price of a fixed asset is deferred beyond normal credit conditions and is essentially financing in nature. In that case, the cost of the fixed asset shall be determined based on the present value of the purchase price.

The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the asset reaches its intended usable condition.

Debt restructuring obtains the fixed assets used by the debtor to pay off debts, determines its entry value based on the fair value of the fixed assets, and records the difference between the book value of the restructured debt and the fair value of the fixed assets used to pay off debts into the current period. Profit and loss.

Under the premise that the exchange of non-monetary assets has commercial substance and the fair value of the assets exchanged or exchanged can be reliably measured, the entry value of the fixed assets exchanged shall be determined based on the fair value of the assets exchanged unless there is conclusive evidence. It shows that the fair value of the assets exchanged is more reliable; for non-monetary asset exchanges that do not meet the above premise, the book value of the assets exchanged, and the relevant taxes payable shall be regarded as the cost of the fixed assets exchanged.

4. Depreciation methods for various types of fixed assets

The estimated residual value rate, depreciation life and annual depreciation rate of various types of fixed assets are as follows:

Types	Depreciation method	Useful life	Salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	Average age method	8—40	3—5	2—12
Machine equipment and office equipment	Average age method	2—15	3—5	6—48.5
Transport equipment	Average age method	4—10	3—5	9.5—24.25
Electronic equipment	Average age method	3—5	3—5	19—32

5. Impairment testing method and impairment provision accrual method for fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates its recoverable amount and performs an impairment test. The recoverable amount is determined as the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. The estimated recoverable amount is based on an individual asset. Suppose it is difficult to estimate the recoverable amount of an individual asset. In that case, the recoverable amount of the asset group to which the asset belongs is determined based on the asset group. Provision for fixed asset impairment is made for the difference between the recoverable amount and the book value. Once the provision for impairment of fixed assets is made, it cannot be reversed in subsequent accounting periods.

6. Subsequent expenditures on fixed assets

The company's subsequent expenditure on fixed assets shall be included in the fixed assets when: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② When the cost of the subsequent expenditure can be reliably measured, it shall be included in the fixed assets; if there is any replacement part, the remaining part shall be deducted. Book value. Subsequent expenditures on fixed assets that do not meet the above conditions shall be included in the current profits and losses when incurred.

Improvement expenditures on fixed assets rented under operating leases are capitalized and treated as long-term deferred expenses, which are amortized over a reasonable period.

(16) Construction in progress

1. Category, confirmation, and measurement of projects under construction

Construction in progress refers to various construction and installation projects to construct or repair fixed assets. It is also classified by project establishment, including preliminary construction preparations, ongoing construction projects, installation projects, technical transformation projects, major repair projects, etc.

Projects under construction are recognized when it is likely that economic benefits will flow in and the costs can be measured reliably. Construction in progress is measured based on the costs incurred before the asset reaches its intended usable condition.

2. Standards and timing for transferring construction in progress to fixed assets
For projects under construction, the necessary expenditures incurred before the asset reaches its intended usable state shall be regarded as the recorded value of the fixed assets. Suppose the fixed assets under construction have reached the intended usable state, but the final accounts for completion have not yet been processed. In that case, the estimated value will be transferred to fixed assets based on the project budget, cost, or actual project cost from when it reaches the intended usable state. Assets and depreciation of fixed assets will be accrued by the company's fixed asset depreciation policy. After the completion of the final accounts, the original tentative estimated value will be adjusted based on the actual cost, but the originally accrued depreciation amount will not be adjusted.

3. Impairment test method and impairment provision accrual method for projects under construction
On the balance sheet date, if there are signs of impairment for a single project under construction, the Company estimates its recoverable amount and performs an impairment test. Provision for impairment of construction in progress is made for the difference between the recoverable amount and the book value. Once the impairment provision for construction in progress is made, it cannot be reversed in subsequent accounting periods.

(17) Borrowing costs

1. Recognition principles for capitalization of borrowing costs
Borrowing costs refer to the company's interest and other related costs due to borrowing or issuing corporate bonds, including borrowing interest, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings.

If the borrowing costs incurred by the company can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and shall be included in the cost of the relevant assets, into current profit and loss.

2. Capitalization period of borrowing costs
When borrowing costs meet the following conditions at the same time, capitalization begins:
① Asset expenditures have occurred. Asset expenditures include cash payments, transfers of non-cash assets or interest-bearing debts for acquiring, constructing, or producing assets that meet capitalization conditions.
②The borrowing costs have been incurred;

The necessary purchase, construction, or production activities have begun to bring the asset to its intended usable or salable state.

3. Period of suspension of capitalization of borrowing costs
If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended; the borrowing costs incurred during the interruption will be recognized as current expenses until the acquisition of the asset. Construction or production activities to restart.
If the interruption is necessary for the acquired, constructed, or produced assets that meet the capitalization conditions to reach the intended usable or salable state, the capitalization of borrowing costs shall continue.

4. Borrowing costs cease to be capitalized
When the assets purchased, constructed, or produced meet the capitalization conditions and reach the intended usable or salable state, the capitalization of borrowing costs will cease.
Borrowing costs incurred after the assets that meet the capitalization conditions reach the intended usable or salable state are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

5. Capitalized amount of borrowing costs
Suppose a special loan is borrowed to purchase, construct, or produce assets that meet the capitalization conditions. In that case, the interest expense incurred on the special loan in the current period shall be deducted from the interest income obtained from depositing the unused borrowed funds in the bank or the investment obtained from a temporary investment. The amount after income is determined and included in the cost of assets qualifying for capitalization during the period.

Suppose general borrowings are taken up for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the company will calculate and determine whether the general borrowings should be paid based on the weighted average of the asset disbursements that exceed the special borrowings multiplied by the capitalization rate of the general borrowings occupied. The amount of capitalized interest.

Ancillary expenses incurred by special borrowings, which are incurred before the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or salable state, shall be capitalized according to the amount incurred when incurred and included in the assets that meet the capitalization conditions. The cost of an asset incurred after the purchased, constructed, or produced asset meets the capitalization conditions and reaches its intended usable or salable state shall be recognized as an expense based on the amount incurred when incurred. It shall be included in the current profit and loss.

Ancillary expenses incurred for general borrowings are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

(18) Right-of-use assets

The company initially measures right-of-use assets at cost, which includes:

1. The initial measurement amount of the lease liability.
2. For lease payments paid on or before the start date of the lease period, if there are lease incentives, the amount related to the lease incentives already enjoyed will be deducted.
3. Initial direct costs incurred by the company.
4. The costs the company expects to incur to dismantle and remove the leased assets, restore the site where the leased assets are located, or restore the leased assets to the state agreed upon in the lease terms (excluding costs incurred to produce inventories).

After the start date of the lease period, the Company adopts the cost model for subsequent measurement of right-of-use assets.

Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Suppose it is not reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation during the shorter of the lease term and the remaining useful life of the leased asset. For right-of-use assets for which impairment provisions have been made, depreciation will be made in future periods based on the book value after deducting impairment provisions by the above principles.

(19) Intangible assets

1. Recognition conditions for intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the identifiable standard in the definition of intangible assets:

① Can be separated or divided from the enterprise sold, transferred, licensed, leased or exchanged alone or with related contracts, assets or liabilities.
② Derived from contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:
① The economic benefits related to the intangible assets are likely to flow into the enterprise;
The cost of the intangible asset can be measured reliably.

2. Valuation and classification of intangible assets

Intangible assets are initially measured based on actual cost.

For self-developed intangible assets, the cost includes the total expenditure incurred from when the intangible assets recognition conditions are met until the intended use is achieved. Still, expenditures expensed in previous periods will not be adjusted.

The company's intangible assets include parking space use rights, land use rights, land development rights software, etc.

3. Estimating the useful life of intangible assets with limited service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① The usual life cycle of the products produced using the asset and available information on the service life of similar assets; ② The current situation of technology, processes, etc. and estimates of future development trends; ③ market demand for products produced or services provided by the asset; ④ actions expected to be taken by current or potential competitors; ⑤ expected maintenance expenditures to maintain the ability of the asset to bring economic benefits, And the company's expected ability to pay relevant expenses; ⑥ Relevant legal regulations or similar restrictions on the control period of the asset, such as franchise period, lease period, etc.; ⑦ The correlation with the service life of other assets held by the company, etc.

4. Amortization of intangible assets

Intangible assets with limited service life shall be amortized within the service life using a method consistent with the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method is used for amortization.

Intangible assets with indefinite useful lives are not amortized, but the useful lives of the intangible assets are reviewed every year. Suppose there is evidence that the useful life of an intangible asset is limited. In that case, the company estimates its useful life and uses the straight-line method to amortize it over its useful life.

5. Intangible asset impairment testing method and impairment provision accrual method

On the balance sheet date, if a single intangible asset has signs of impairment, the company estimates its recoverable amount and performs an impairment test. Provision for impairment of intangible assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is made, it cannot be reversed in subsequent accounting periods.

6. Specific standards for the research stage and development stage of internal research and development projects

The research stage refers to a planned investigation period to obtain new technologies and knowledge, etc., and has the following characteristics:

The research stage is based on the planned investigation; the research and development project has been approved by the company's board of directors or relevant management, and the collection of relevant information and market research, etc., has begun. The exploratory research phase prepares data and related aspects for further development activities. This phase will not produce phased results.

The development stage refers to applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use. Has the following characteristics:

The development phase is based on the research phase and, therefore, targets the project's development. R&D projects that have entered the development stage are often more likely to produce results.

7. Development phase expenditures meet specific standards for capitalization conditions

Expenditures incurred during the research phase of the company's internal research and development projects are included in the current profits and losses when incurred. Expenditures incurred during the development phase of the company's internal research and development projects shall be recognized as intangible assets if they meet the following conditions:

① Technically, completing the intangible asset to be used or sold is technically feasible.

② Have the intention to complete the intangible asset and use or sell it.

The way intangible assets generate economic benefits includes proving that there is a market for the products produced using the intangible assets or that the intangible assets themselves have a market; if the intangible assets are used internally, their usefulness should be proven.

④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.

⑤ The expenditures attributable to the development stage of the intangible asset can be measured reliably.

(20) Impairment of long-term assets

The Company’s long-term equity investments in subsidiaries, associates and joint ventures, fixed assets, projects under construction, intangible assets, goodwill, etc., are subsequently measured using the cost model (inventories, investments measured using the fair value model Asset impairment (excluding real estate, deferred income tax assets and financial assets) shall be determined according to the following method:

The Company determines whether there are signs of possible impairment of assets on the balance sheet date. If there are signs of impairment, the Company will estimate its recoverable amount and conduct an impairment test. Goodwill formed due to business combinations, intangible assets with indefinite useful lives and intangible assets that have not yet reached a usable state are subject to impairment testing every year regardless of whether there are signs of impairment.

The recoverable amount is determined based on the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's expected future cash flows. The Company estimates the recoverable amount based on a single asset; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. Identifying an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the company will write down its book value to the recoverable amount. The write-down amount will be included in the current profit and loss, and the corresponding asset impairment provision will be made.

As far as the impairment test of goodwill is concerned, the book value of goodwill formed due to a business combination shall be apportioned to the relevant asset group reasonably from the date of purchase; if it is difficult to apportion it to the relevant asset group, it shall be apportioned to the relevant asset group. Related asset group combinations. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergy effects of the business combination and is no larger than the reporting segment determined by the company.

During impairment testing, if there are signs of impairment in an asset group or combination of asset groups related to goodwill, first conduct an impairment test on the asset group or combination of asset groups that do not include goodwill, calculate the recoverable amount, and confirm the corresponding impairment. Value loss. Then, an impairment test on the asset group or asset group combination containing goodwill will be conducted, and its book value will be compared with the recoverable amount. A goodwill impairment loss is recognized if the recoverable amount is lower than the book value.

Once the asset mentioned above, impairment losses are recognized, they will not be reversed in subsequent accounting periods.

(21) Long-term prepaid expenses

Long-term deferred expenses are recorded based on the actual amount incurred and are amortized evenly over the benefit period or a specified period. If a long-term deferred expense item cannot benefit future accounting periods, all the item's amortized value will be transferred to the current profit and loss.

The Company's improvement expenditures on fixed assets leased under operating leases are capitalized as long-term deferred expenses and amortized evenly over the shorter of the lease life and the remaining useful life of the leased asset.

Other long-term deferred expenses are calculated based on the amount incurred and amortized evenly during the project benefit period.

(22) Payroll and employee benefits payable

Employee compensation refers to various forms of remuneration or compensation given by the company to obtain services provided by employees or to terminate labour relations. Employee compensation includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term salary

Short-term compensation refers to employee compensation that the company must pay in full within twelve months after the end of the annual reporting period, during which employees provide relevant services, excluding post-employment and termination benefits. During the accounting period, when employees provide services, the company recognizes the actual short-term compensation as a liability. It includes the current profit and loss or related asset costs. The Company pays for its employees' medical, work-related injury, maternity, and other social insurance premiums, housing provident funds, labour union funds, and employee education funds withdrawn by regulations. During the accounting period, when employees provide services to the Company, the Company shall do so on the prescribed basis and calculation. The corresponding amount of employee remuneration is determined based on the pro rata calculation.

If employee benefits are non-monetary benefits, they are measured at fair value.

2. post-employment benefits
Post-employment benefits refer to various forms of remuneration and benefits provided by the company to obtain the services provided by employees after the employees retire or terminate the labour relationship with the enterprise, excluding short-term remuneration and dismissal benefits. Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

Defined contribution plan
According to relevant local government regulations, the company pays basic social pension insurance, unemployment insurance, etc., for its employees. During the accounting period, when employees provide services to the company, the deposit amount payable calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or related asset costs.

Defined benefit plan
Post-employment benefit defined benefit plans mainly provide clear and standard extra-coordinated benefits paid to retirees and living expenses paid to the survivors of deceased employees, etc. The company attributes the welfare obligations arising from the defined benefit plan to the period employees provide services based on the formula determined by the expected cumulative welfare unit method. It includes them in the current profit and loss or related asset costs.

The deficit or surplus formed by deducting the present value of the defined benefit plan obligations from the fair value of the defined benefit plan assets is recognized as the net liability or net assets of a defined benefit plan. If there is a surplus in the defined benefit plan, the company shall measure the net assets of the defined benefit plan at the lower of the surplus of the defined benefit plan and the asset upper limit.

All defined benefit plan obligations, including obligations expected to be paid within twelve months after the end of the annual reporting period in which employees provide services, are based on Treasury or active debt that matches the term and currency of the defined benefit plan obligation at the balance sheet date. The market yield on high-quality corporate bonds in the market is discounted.

The service costs generated by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or related asset costs; the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive Earnings are not transferred back to profit or loss in subsequent accounting periods.

When the defined benefit plan is settled, the settlement gain or loss is recognized based on the difference between the present value of the defined benefit plan obligations determined on the settlement date and the settlement price.

3. Dismissal benefits

Dismissal benefits refer to the compensation given to employees by the company to terminate the labour relationship with employees before the expiration of the employee's labour contract or to encourage employees to voluntarily accept layoffs, which are included in the current profit and loss in the current period. When the company cannot unilaterally withdraw the dismissal benefits provided by the termination of labour relationship plan or redundancy proposal, or when it recognizes the costs or expenses related to the restructuring involving the payment of dismissal benefits (whichever is earlier), the employees recognized by the dismissal benefits will be recognized. Salary liabilities are included in the current profit and loss.

4. Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except short-term salary, post-employment benefits, and termination benefits, including long-term paid absences, long-term disability benefits, long-term profit-sharing plans, etc.

(23) Contract liabilities

The Company recognizes the portion of the obligation to transfer goods or services to customers for consideration received or receivable from customers as contract liabilities.

(24) Lease Liabilities

The Company initially measures lease liabilities based on the present value of the unpaid lease payments on the start date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. Lease payments include:

1. After deducting the amount related to the lease incentive, the fixed payment amount, and the actual fixed payment amount.
2. Variable lease payments that depend on an index or ratio.
3. When the Company is reasonably certain that the option will be exercised, the lease payment includes the exercise price of the purchase option.
4. When the lease term reflects that the company will exercise the option to terminate the lease, the lease payment includes the amount required to exercise the option to terminate the lease.
5. The amount expected to be paid is based on the residual value of the guarantee provided by the company.

The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed discount rate. It includes the current profit and loss or related asset costs.

Variable lease payments not included in the measurement of lease liabilities should be included in the current profit and loss or related asset costs when incurred.

(25) Preferred shares, perpetual debts, and other financial instruments

1. The distinction between perpetual bonds and preference shares

Financial instruments such as perpetual bonds and preference shares issued by the company are regarded as equity instruments if they meet the following conditions:

① The financial instrument does not include contractual obligations to deliver cash or other financial assets to other parties or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If the financial instrument must or can be settled with the enterprise's equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its equity instruments for settlement; if it is a derivative instrument, this financial instrument shall A company may only settle a financial instrument by exchanging a fixed number of its equity instruments for a fixed amount of cash or other financial assets.

In addition to financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the company should be classified as financial liabilities.

Suppose the financial instrument issued by the company is a compound financial instrument. In that case, it is recognized as a liability according to the fair value of the liability component, and the amount received after deducting the fair value of the liability component is recognized as "other equity instruments." Transaction costs incurred when issuing composite financial instruments are allocated between the liability and equity components according to their respective proportions of the total issuance price.

2. Accounting treatment methods for perpetual bonds and preferred shares, etc.

Financial instruments such as perpetual bonds and preference shares are classified as financial liabilities, their related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc., except for loans that meet the conditions for capitalization All expenses other than expenses (see Notes IV (17) "Borrowing Expenses" of this Note) are included in the current profit and loss.

When financial instruments such as perpetual bonds and preference shares classified as equity instruments are issued (including refinancing), repurchased, sold or cancelled, the company will treat them as changes in equity, and relevant transaction costs will also be deducted from equity. The company's distribution to equity instrument holders is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

(26) Provisions

If the obligations related to contingencies meet the following conditions simultaneously, the company will recognize them as estimated liabilities.

1. The obligation is a current obligation borne by the enterprise.
2. Fulfilling this obligation will likely cause economic benefits to flow out of the company.
3. The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best expenditure estimate required to fulfill the relevant current obligations. If a range of amounts is required for the expenditure, the best estimate is determined as the average of the upper and lower limits of the range. If there is no range of amounts required for the expenditure required, the best estimate is treated as follows:
1. If the contingency involves a single project, it shall be determined based on the most likely amount.
2. If the contingencies involve multiple projects, they shall be calculated and determined based on various possible outcomes and related probabilities.

Suppose all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party. In that case, the compensation amount will be recognized separately as an asset only when it is certain that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.

(27) Revenue recognition principles and measurement methods

1. Principles of revenue recognition

When the company fulfills its performance obligations in the contract, when the customer obtains control of the relevant goods or services (goods), revenue is recognized based on the transaction price allocated to the performance obligation.

Performance obligations refer to the company's commitment in the contract to transfer distinguishable goods or services to customers.

Obtaining control over relevant goods means directing the use of the goods and obtaining almost all economic benefits.

On the contract commencement date, the company evaluates the contract, identifies each performance obligation contained in the contract, and determines whether each performance obligation is to be performed within a certain period or at a certain point.

When one of the following conditions is met, the performance obligation is fulfilled within a certain period; otherwise, the performance obligation is fulfilled at a certain point in time: 1) The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; 2) The customer can control the goods or services under construction during the company's performance of the contract; 3) The goods or services produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period, the company recognizes revenue based on the performance progress. When the progress of contract performance cannot be reasonably determined, if the costs incurred are expected to be compensated, revenue shall be recognized based on the amount of costs incurred until the progress of contract performance can be reasonably determined. For performance obligations fulfilled at a certain point in time, revenue is recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the goods, the company considers the following signs: 1) The company has a current right to receive payment for the goods, that is, the customer has a current payment obligation for the goods; 2) The company has transferred the legal ownership of the goods to Customer, that is, the customer already has the legal ownership of the commodity; 3) The company has physically transferred the commodity to the customer, that is, the customer has physical possession of the commodity; 4) The company has transferred the major risks and rewards of ownership of the commodity to the customer, That is, the customer has obtained the main risks and rewards of ownership of the commodity; 5) the customer has accepted the commodity; 6) other signs indicating that the customer has obtained control of the commodity.

2. Income measurement principles

1) The company measures revenue based on the transaction price allocated to each performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive for the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customer.

2) If there is variable consideration in the contract, the company determines the best estimate based on the expected value or the most likely amount. Still, the transaction price, including the variable consideration, shall not exceed the cumulative recognized revenue when the relevant uncertainty is eliminated. Amounts where it is highly unlikely that a significant reversal will occur.

3) If there is a significant financing component in the contract, the company determines the transaction price based on the amount payable in cash when the customer obtains control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period. On the contract start date, if the company expects that the interval between the customer's obtaining control of the goods or services and the customer's payment of the price will not exceed one year, it will not consider the significant financing component in the contract.

4) If the contract contains two or more performance obligations, the company will allocate the transaction price to each performance obligation based on the relative proportion of the standalone selling price of the goods promised by each performance obligation on the contract commencement date. However, suppose there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract. In that case, the company will allocate the contract discount or variable consideration to the relevant one or more performance obligations.

Stand-alone selling price refers to the price at which the company sells goods or services to customers alone. Suppose the stand-alone selling price cannot be directly observed. In that case, the Company will comprehensively consider all relevant information that can be reasonably obtained and estimate the stand-alone selling price using observable input values to the greatest extent possible.

3. Revenue recognition method

(1) First-level land development income
When the land development is completed, the economic benefits related to the primary development of the land can flow into the enterprise, the amount of income can be measured reliably, and when the conditions agreed in the contract or agreement are met, the income will be recognized.

(2) Develop products
has been completed and accepted, the sales contract has been signed, and the obligations stipulated in the contract have been fulfilled; that is, the main risks and rewards of ownership of the developed products are transferred to the purchaser; the company no longer retains the continuing management rights usually associated with ownership, and Sales revenue is recognized when there is no longer effective control over the goods sold; the amount of revenue can be measured reliably; the relevant economic benefits are likely to flow into the company; and the costs incurred or to be incurred by the project can be measured reliably. Accomplish.

(3) House construction and engineering business
The agency-constructed houses and projects have signed irrevocable construction contracts, the economic benefits related to the agency-constructed houses and projects can flow into the enterprise, the completion progress of the agency-constructed houses and projects can be reliably determined, and the costs related to the agency-constructed houses and projects can be When measured reliably, the realization of operating income is recognized using the percentage of completion method.

(4) Recognition method of rental property income
According to the lease date (if there is a rent-free period, the rent-free period will be considered) and the rent amount stipulated in the lease contract and agreement, the realization of the rental property income is recognized when the relevant rent has been received, or evidence of payment is obtained.

(5) Other business income recognition methods
According to relevant contracts and agreements, when the economic benefits related to the transaction are likely to flow into the enterprise, the amount of income can be measured reliably, and the costs incurred or to be incurred related to the income can be measured reliably, the realization of other business income is recognized.

(28) Contract costs

1. Contract performance costs
The company's costs incurred to perform the contract are recognized as an asset as contract performance costs if they do not fall within the scope of business accounting standards other than the revenue standards and meet the following conditions:
(1) The cost is directly related to a current or expected contract, including direct labour, direct materials, manufacturing overhead (or similar expenses), costs borne by the customer, and other costs incurred solely because of the contract.
(2) This cost increases the company's resources for fulfilling its performance obligations in the future.
(3) The cost is expected to be recovered.

The asset is reported in inventory or other non-current assets based on whether its amortization period at initial recognition exceeds one normal operating cycle.

2. Contract acquisition cost
The incremental costs incurred by the Company to obtain the contract are expected to be recovered and are recognized as an asset as the contract acquisition cost. Incremental costs refer to costs the company would not incur without obtaining the contract, such as sales commissions, etc. If the amortization period does not exceed one year, it will be included in the current profit and loss when incurred.

3. Amortization of contract costs
The assets mentioned above related to contract costs are amortized on the same basis as the revenue from goods or services related to the assets. They are amortized when the performance obligation is fulfilled or according to the performance progress of the performance obligation and included in the current profit and loss.

4. Impairment of contract costs
Suppose the book value of assets related to contract costs is higher than the difference between the following two items. In that case, the company will make impairment provisions for the excess and recognize it as asset impairment losses:
(1) The enterprise expects to obtain the remaining consideration from transferring goods or services related to the asset.
(2) The estimated cost of transferring the relevant goods or services.
If the factors of impairment in the previous period subsequently change, causing the difference between (1) minus (2) to be higher than the book value of the asset, the asset impairment provision that has been previously accrued should be reversed and included in the current profit and loss, but it shall be reversed. The subsequent book value of the asset shall not exceed the asset's book value on the date of reversal, assuming no provision for impairment is made.

(29) Government grants

Government subsidies refer to the monetary and non-monetary assets the company obtains from the government for free, excluding capital invested by the government as the owner. Government subsidies are divided into asset-related government subsidies and income-related government subsidies.

1. Judgment basis and accounting treatment method for government subsidies related to assets
Asset-related government subsidies refer to government subsidies obtained by enterprises for the purchase, construction, or other formation of long-term assets, including financial allocations for the purchase of fixed or intangible assets, etc.

The company's specific criteria for classifying government subsidies as asset-related are as follows: Government subsidies obtained by the company used to purchase, construct, or otherwise form long-term assets are regarded as asset-related government subsidies.

For government documents that do not stipulate the subsidy objects, the company's basis for judging whether the subsidy is classified as asset-related or income-related is whether it is used to purchase and construct or form long-term assets in other ways. If it can form long-term assets, the company shall. The part of the government subsidy corresponding to the asset value is regarded as the government subsidy related to the asset.

Recognition timing of asset-related government subsidies: When government subsidies are received, they are recognized as deferred income, and after the constructed or purchased assets are put into use, they are evenly distributed during the service life of the relevant assets and included in the current profits and losses.

2. Judgment basis and accounting treatment method for government subsidies related to income
Government subsidies related to income refer to government subsidies other than those related to assets.

The company's specific criteria for classifying government subsidies as related to income are government subsidies other than those related to assets, which are regarded as government subsidies related to income.

The timing of recognition of government subsidies related to income: If it is used to compensate for relevant expenses or losses that have already occurred, it will be included in the current profit and loss when received; if it is used to compensate for relevant expenses or losses in the future period, it will be included in the profit and loss when received. Deferred income is included in the current profit and loss when the expense is recognized.

If government subsidies related to income are used to compensate the enterprise for relevant expenses or losses in the future period, they are recognized as deferred income and included in the current profit and loss during the period when the relevant expenses are recognized; they are used to compensate the enterprise for related expenses or losses that have already occurred. , directly included in the current profit and loss.

Suppose a confirmed government subsidy needs to be returned. In that case, if there is relevant deferred income, the book balance of the relevant deferred income will be offset, and the excess will be included in the current profit and loss; if there is no relevant deferred income, it will be directly included in the current profit and loss.

For government subsidies for comprehensive projects, enterprises need to decompose them into asset-related parts and income-related parts and conduct accounting treatment separately; if it is difficult to distinguish, the government subsidies shall be classified as income-related government subsidies as a whole and shall be regarded as If the situation is different, it will be included in the current profit and loss, or recognized as current income in installments during the project period.

(30) Deferred tax assets and Deferred tax liabilities

According to the difference between the book value of assets and liabilities and their tax basis (if the tax basis of items not recognized as assets and liabilities can be determined by tax laws, the difference between the tax basis and their book amount), as expected The applicable tax rate during the period when the asset is recovered, or the liability is settled is calculated and recognized as a deferred income tax asset or deferred income tax liability.

1. Recognition and measurement of deferred income tax assets

① If there is a deductible temporary difference between the book value of assets or liabilities and their tax basis, the deductible temporary difference shall be recognized to the extent that the taxable income can probably be used to offset the deductible temporary difference. Deferred tax assets generated. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics will not be recognized: First, the transaction is not a business combination; Second, when the transaction occurs, it neither affects accounting profits nor accruals. Taxable income (or deductible losses).

② The company recognizes corresponding deferred income tax assets for deductible temporary differences related to investments in subsidiaries, associates and joint ventures and meets the following conditions: First, the temporary differences are likely to be reversed in the foreseeable future; Second, it is likely that taxable income will be obtained in the future that can be used to offset deductible temporary differences.

③ For deductible losses and tax credits that can be carried forward to future years, the company will recognize the corresponding deferred amount to the extent that it is likely to obtain future taxable income that can be used to offset the deductible losses and tax credits. Income Tax Assets.

④ On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is likely that sufficient taxable income will not be available in the future period to offset the benefits of the deferred income tax assets, the book value of the deferred income tax asset will be reduced; when it is likely that sufficient taxable income will be available, the amount of the write-down will be reduced Should be transferred back.

2. Recognition and measurement of deferred income tax liabilities

In addition to the deferred income tax liabilities arising from the following circumstances, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences:

①Initial recognition of goodwill;

② The initial recognition of assets or liabilities arising from transactions that simultaneously meet the following characteristics: First, the transaction is not a business combination; Second, when the transaction occurs, it neither affects accounting profits nor taxable income (or deductible losses)).

③ The company has taxable temporary differences related to its investments in subsidiaries, associate companies and joint ventures, and the following conditions are met at the same time: first, the investing enterprise can control the time of reversal of the temporary differences; second, the temporary differences There will most likely not be a switchback in the foreseeable future.

(31) Leasing

A lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period.

On the contract inception date, the Company evaluates whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration.

To determine whether the contract transfers the right to control the use of identified assets within a certain period, the company conducts the following assessment:

(1) Whether the contract involves the use of identified assets. An identified asset may be expressly designated by a contract or implicitly when the asset is made available to a customer. The asset is physically distinguishable or, in some capacity or other portion of the asset, is physically indistinguishable but substantially represents the entire production capacity, allowing the customer to obtain almost all the economic benefits generated from using the asset. An asset is not an identified asset if the supplier of the asset has substantial substitution rights for the asset throughout its period of use.

(2) Whether the lessee has the right to substantially obtain all the economic benefits generated from using the identified assets during the use period.

(3) Whether the lessee has the right to direct the use of the identified assets during the period of use.
If the contract contains multiple separate leases simultaneously, the lessee and lessor will split the contract and conduct accounting treatment for each lease. If the contract contains lease and non-lease parts, the lessee and lessor shall separate the lease and non-lease parts. However, for land and building leases where the Company is the lessee, the Company chooses not to separate the lease and non-lease parts contained in the contract. It consolidates each lease part and its related non-lease part into a lease. When splitting the lease and non-lease components contained in the contract, the lessee shall allocate the contract consideration in proportion to the sum of the individual prices of each lease component and the individual prices of the non-lease components.

1. The company serves as the lessee
On the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for the lease.

The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, the lease payment amount paid on or before the start date of the lease term (deducting the amount related to the lease incentive that has been enjoyed), the initial direct costs incurred, and the amount required for dismantling and moving. The costs expected to be incurred in addition to the leased assets include restoring the site where the leased assets are located or restoring the leased assets to the state agreed upon in the lease terms. The Company uses the straight-line method to depreciate right-of-use assets. Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter lease term and the remaining useful life of the leased asset.

On the balance sheet date, if there are signs of impairment of the right-of-use assets, the company estimates its recoverable amount and performs an impairment test. The recoverable amount is determined as the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. Provision for impairment of right-of-use assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of right-of-use assets is made, it cannot be reversed in subsequent accounting periods.

Lease liabilities are initially measured based on the present value of the unpaid lease payments at the beginning of the lease term, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate will be used as the discount rate. The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed periodic interest rate. It includes the current profit and loss or related asset costs. Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss or related asset costs when incurred.

After the start date of the lease period, if the following circumstances occur, the company will remeasure the lease liability based on the present value of the changed lease payments:
(1) The amount expected to be payable based on the residual value of the guaranteed changes.
(2) The index or ratio used to determine lease payment changes.
(3) The company's evaluation results of the purchase option, lease renewal option, lease termination option change, or the actual exercise of the lease renewal or lease termination option are inconsistent with the original evaluation results.

When re-measurement lease liabilities, the Company adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.
The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (lease periods not exceeding 12 months) and low-value asset leases and to include the relevant lease payments on a straight-line basis in each period during the lease term. Current profit and loss or related asset costs.

2. The company acts as the lessor
On the lease commencement date, the Company divides leases into finance and operating leases.

A finance lease is a lease that substantially transfers all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases.

When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets generated by the original lease rather than the underlying assets of the original lease. Suppose the original lease is a short-term lease, and the Company elects to apply the simplified treatment of short-term leases described above to the original lease. In that case, the Company classifies the sublease as an operating lease.

Under a finance lease, on the start date of the lease period, the Company recognizes finance lease receivables for the finance lease and terminates the recognition of finance lease assets.

When the Company initially measures the financial lease receivables, it takes the net lease investment as the entry value of the financial lease receivables. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the lease payments that have not yet been received at the start of the lease term, discounted at the interest rate implicit in the lease. The Company calculates and recognizes interest income in each period during the lease term based on fixed periodic interest rates.

Variable lease payments not included in the measurement of net lease investment are included in the current profit and loss when incurred.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The company capitalizes its initial direct expenses related to operating leases, amortizes them during the lease period on the same basis as rental income recognition, and includes them in current profits and installment losses. Variable lease payments not included in lease receipts are included in the current profit and loss when incurred.

(32) Hold for sale

1. Recognition standards for assets held for sale

Suppose an asset or liability meets the following conditions at the same time. In that case, the company will classify it as held for sale: 1. The component must be sold immediately in its current condition only according to the customary terms for selling such components; 2. The company has already If the resolution to dispose of the component (or non-current assets) requires shareholder approval according to regulations, the approval of the shareholders' meeting or the corresponding authority has been obtained; third, the company has signed an irrevocable transfer agreement with the transferee; fourth The transfer will be completed within one year.

2. Accounting treatment method for assets held for sale

For fixed assets held for sale, the Company adjusts the fixed asset's estimated net residual value so that the fixed asset's estimated net residual value reflects its fair value minus disposal costs but shall not exceed the amount that meets the requirements of the amount held for sale. After adjustment, the difference between the original book value and the estimated net residual value shall be included in the current profit and loss as an asset impairment loss.

Other non-current assets or non-current liabilities, such as intangible assets that meet the conditions of being held for sale, shall be treated by the above principles but do not include deferred income tax assets and financial assets regulated by "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" assets.

V. DESCRIPTION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS

(1) Changes in significant accounting policies

On November 30, 2022, the Ministry of Finance issued the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Finance [2022] No. 31, from now on referred to as "Interpretation No. 16"), explaining the accounting treatment of three matters in No. 16: "About Deferred income taxes related to assets and liabilities arising from a single transaction do not apply to the accounting treatment of initial recognition exemption" will be effective from January 1, 2023, allowing enterprises to implement early implementation from the year of release; "About financial instruments classified as equity instruments by the issuer The contents of "Accounting Treatment for the Income Tax Effect of Relevant Dividends" and "About the Accounting Treatment of Enterprises Modifying Cash-Settled Share-based Payments to Equity-Settled Share-based Payments" will be effective from the date of the announcement. This change in accounting policy has no significant impact on the company's financial statements.

(2) Changes in accounting estimates

None.

(3) Correction of previous accounting errors

None.

VI. TAXATION

(a) The main taxation and tax rates applicable to the Company are as follows:

Taxation	Basis of taxation	Tax rate
Value-added tax	The turnover of goods sales, taxable labour, services provision, etc.	13%, 9%, 6%, 5%, 3%
City maintenance and construction tax	According to the actual turnover tax paid	7%, 5%
Educational surcharge	According to the actual turnover tax paid	3%
Local educational surcharge	According to the actual turnover tax paid	2%
Income tax	According to the actual taxable income of the current period	25%, 15%

(b) Tax incentives and approvals

(1) Zhengzhou Public Housing Construction Investment Co., Ltd., a subsidiary of the Company, has issued the "Announcement on Preferential Tax Policies for Public Rental Housing" by the Announcement No. 6 of 2021 of the Ministry of Finance and the State Administration of Taxation (Announcement No. 61 of the Ministry of Finance and the State Administration of Taxation of 2019) Article 1 stipulates that public rental housing is exempt from property tax. Rental income obtained from operating public rental housing is exempt from value-added tax; Article 10 stipulates that the implementation period of this announcement is

from January 1, 2019, to December 31, 2020; the Ministry of Finance and the State Administration of Taxation have extended the implementation period of some preferential tax policies Article 1 of the announcement (Announcement No. 6 of the Ministry of Finance and the State Administration of Taxation in 2021) stipulates the tax benefits stipulated in 16 documents including the "Notice of the Ministry of Finance and the State Administration of Taxation on Corporate Income Tax Policies Concerning the Deduction of Equipment and Instruments" (Finance and Taxation [2018] No. 54) If the policy has expired, the implementation period will be extended to December 31, 2023. From January 1, 2023, to December 31, 2023, the company's income from leasing public rental housing business will be exempt from property tax and value-added tax.

(2) Zhengzhou Zhengfang Surveying and Mapping Co., Ltd., a subsidiary of the Company, complies with the "Measures for the Management of High-tech Enterprise Recognition" (Guokefahuo [2016] No. 32) and the "Guidelines for the Management of High-tech Enterprise Recognition" (Guokefahuo [2016] No. 195), the company was recognized as the second high-tech enterprise in Henan Province in 2021 according to the "Notice on Recognizing the Second High-tech Enterprise in Henan Province in 2021" issued by the Henan Provincial Department of Science and Technology, the Henan Provincial Department of Finance, and the State Administration of Taxation and the Henan Provincial Taxation Bureau. As a high-tech enterprise, the certificate issuance date is December 15, 2021, valid for 3 years. The company's corporate income tax rate during the reporting period was 15%.

(c) Other instructions

Other taxes are calculated and paid by relevant national and local regulations.

VII. INTRODUCTION OF SUBSIDIARIES

(1) Subsidiary situation

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
1	Zhengzhou Real Estate Group Urban Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	11,000.00	11,000.00	100.00
2	Zhengzhou Shangdu Holding Group Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Architectural decoration and other construction industries	170,000.00	170,000.00	77.94

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
3	Zhengzhou Xiliuhu Holdings Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Business service industry	50,000.00	40,750.00	100.00
4	Henan Datong Investment Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Business service industry	5,000.00	5,000.00	51.00
5	Zhengzhou Real Estate Group Investment Management Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	30,000.00	30,000.00	100.00
6	Henan Zhengdi New City Construction Industry Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Housing construction industry	100,000.00	89,000.00	100.00
7	Zhengzhou Urban Construction Group Investment Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Building industry	100,000.00	100,000.00	100.00
8	Zhengzhou Public Housing Construction Investment Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	100,000.00	100,000.00	100.00
9	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	100,000.00	100,000.00	100.00

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
10	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Building decoration, decoration and other construction industry	10,000.00	10,000.00	100.00
11	Henan Zhengdi Olympic Sports Center Management Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Sports	20,000.00	10,600.00	100.00
12	Zhengzhou Shangdu Commercial Development Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Real estate industry	50,000.00	50,000.00	100.00
13	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Real estate industry	4,667.00	4,667.00	90.00
14	Henan Zheng Real Estate City Integration Construction Development Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Land management industry	50,000.00	26,666.67	60.00
15	Henan Zhengdi Housing Leasing Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Leasing industry	30,000.00	30,000.00	100.00
16	Henan Zhengdi Science Innovation Industry Development Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	20,000.00	150,000.00	100.00

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
17	Zhengzhou Xiesheng Real Estate Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	3,000.00	3,000.00	100.00
18	Zhengzhou Zhengdi Kangping Industrial Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Others	1,000.00	1,000.00	100.00
19	Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Other surveying, mapping and geographic information services	6,000.00	6,000.00	6,000.00

(2) Subjects newly included in the scope of consolidation and those no longer included in the scope of consolidation in the current period

In 2023, the Company acquired 100% of the equity of Zhengzhou Zhengfang Surveying and Mapping Co., Ltd., which was transferred by the Zhengzhou State-owned Assets Supervision and Administration Commission to Zhengzhou Zhengfang Surveying and Mapping Co., Ltd., constituting a business combination under common control, and will be included in the consolidated statements this year.

VIII. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following annotated items (including the main items of the company's financial statements) unless otherwise specified, and the closing balance refers to December 31, 2023, the closing balance of prior period refers to December 31, 2022, the amount incurred in the current period refers to 2023, and the amount incurred in the prior period refers to 2022.

(1) Cash and cash equivalents

Item	Closing balance	Closing balance of prior period
Cash on hand	132,213.94	80,647.31
Bank balances	9,574,414,803.36	11,064,173,061.86

Item	Closing balance	Closing balance of prior period
Other monetary funds	120,552,241.28	121,320,722.02
Total	9,695,099,258.58	11,185,574,431.19

Note: The details of restricted monetary funds in monetary funds are as follows:

Item	Closing balance
Mortgage loan deposits	8,726,690.19
Bank acceptance note deposit	110,167,664.29
Banker's letter of guarantee	5,687,500.00
Total	124,581,854.48

(2) Accounts receivable

(a) Disclosed of accounts receivable by Aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	5,568,611,854.91	4,826,620,126.46
1 to 2 years	2,955,833,714.70	1,600,356,577.82
2 to 3 years	1,587,795,083.69	2,315,202,609.85
3 to 4 years	2,192,846,229.85	3,159,987,757.99
4 to 5 years	2,422,738,146.95	1,955,226,013.35
More than 5 years	779,688,211.04	370,522,185.65
Subtotal	15,507,513,241.14	14,227,915,271.12
Less: Provision for bad debts	89,564,166.55	64,274,593.55
Total	15,417,949,074.59	14,163,640,677.57

(b) Accounts receivable are listed by type as follows

Category	Closing balance			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	15,507,513,241.14	100.00	89,564,166.55	0.58
Including: Aging combination	287,331,833.79	1.85	74,343,985.16	25.87
Low risk combination	15,220,181,407.35	98.15	15,220,181.39	0.10
Total	15,507,513,241.14	100.00	89,564,166.55	0.58

(Continued)

Category	Closing balance of prior period

	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	14,227,915,271.12	100.00	64,274,593.55	0.45
Including: Aging combination	303,834,117.95	2.14	64,274,593.55	21.15
Low risk combination	13,924,081,153.17	97.86		
Total	14,227,915,271.12	100.00	64,274,593.55	0.45

(c) Accounts receivable for bad debt provision by group

(i) In the combination, accounts receivable using aging combination

Aging	Closing balance		
	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year	126,430,854.91	44.00	1,264,308.55
1 to 2 years	34,498,341.17	12.01	1,724,917.06
2 to 3 years	7,364,122.75	2.56	736,412.27
3 to 4 years	18,426,265.56	6.41	5,527,879.67
4 to 5 years	71,043,563.62	24.73	35,521,781.83
More than 5 years	29,568,685.78	10.29	29,568,685.78
Total	287,331,833.79	100.00	74,343,985.16

(Continued)

Aging	Closing balance of prior period		
	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year	127,679,663.54	42.02	1,276,796.64
1 to 2 years	16,164,535.45	5.32	808,226.78
2 to 3 years	21,990,213.56	7.24	2,199,021.36
3 to 4 years	84,627,584.18	27.85	25,388,275.25
4 to 5 years	37,539,695.42	12.36	18,769,847.72
More than 5 years	15,832,425.80	5.21	15,832,425.80
Total	303,834,117.95	100.00	64,274,593.55

(ii) Accounts receivable with bad debt provisions using low risk combination

Combination	Closing balance	Closing balance of prior period

name	Book balance	Proportion (%)	Provisions	Book balance	Proportion (%)	Provisions
Low risk combination	15,220,181,407.35	0.10	15,220,181.39	13,924,081,153.17		
Total	15,220,181,407.35	0.10	15,220,181.39	13,924,081,153.17		

(d) Provision for bad debts

Category	Closing balance of prior period	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Elimination or write-off	
Individual provision					
Group provision	64,274,593.55	25,289,573.00			89,564,166.55
Total	64,274,593.55	25,289,573.00			89,564,166.55

(e) There are no accounts receivable actually written off in the current period;

(f) Top five accounts receivable based on debtor

Entity	Closing balance	Proportion to the total amount of accounts receivable at the end of the period (%)
Zhengzhou Land Reserve Center	5,153,026,078.24	33.23
Zhengzhou Xingyang Health Park Management Committee	4,658,085,796.00	30.04
Zhengzhou Land Reserve Center Guancheng Branch Center	2,286,382,733.51	14.74
Zhengzhou Urban and Rural Construction Committee	1,115,077,092.92	7.19
Zhengzhou Guancheng Hui District House Expropriation and Compensation Affairs Center	554,198,017.19	3.57
Total	13,766,769,717.86	88.77

(g) At the end of the period, there are no accounts receivable derecognized due to the transfer of financial assets;

(h) At the end of the period, there are no transferred accounts receivable and the amount of assets and liabilities formed by continued involvement.

(3) Prepayments

(a) Aging analysis prepayments

Aging	Closing balance		Closing balance of prior period	
	Amount	Proportion (%)	Amount	Proportion (%)
Within1year	408,737,224.41	40.65	1,512,095,333.15	31.36
1 to 2 years	41,403,627.67	4.12	232,600,266.18	4.82
2 to 3 years	98,206,746.23	9.77	321,986,222.96	6.68
More than 3 years	457,250,463.12	45.46	2,754,645,192.94	57.14
Total	1,005,598,061.43	100.00	4,821,327,015.23	100.00

(b) Top five prepayments based on payers

Entity	Closing balance	Proportion (%)
Off-road project division of Zhengzhou Zhongyuan Railway Engineering Co., Ltd.	144,428,580.00	14.36
Zhengzhou Ruizheng Real Estate Co., Ltd.	46,945,315.69	4.67
Henan Huipu Construction Development Co., Ltd.	37,905,645.59	3.77
Henan Mengzhang Real Estate Co., Ltd.	34,961,890.74	3.48
Zhengzhou Poly Yonghe Real Estate Development Co., Ltd.	24,504,942.00	2.44
Total	288,746,374.02	28.72

(4) Other receivables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest receivable		294,444.45
Dividends receivable	15,447,600.00	15,447,600.00
Other receivables	5,552,448,850.17	4,210,142,373.41
Total	5,567,896,450.17	4,225,884,417.86

(b) Interest receivable

Item	Closing balance	Closing balance of prior period
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd		294,444.45
Total		294,444.45

(c) Dividends receivable

Item	Closing balance	Closing balance of prior period
Henan Donglong Holding Co., Ltd.	15,447,600.00	15,447,600.00
Total	15,447,600.00	15,447,600.00

(d) Other receivables

(1) Aging analysis

Aging	Closing balance	Closing balance of prior period
Within 1 year	1,847,807,970.09	418,108,412.93
1 to 2 years	183,173,980.73	677,813,721.21
2 to 3 years	671,084,537.66	561,609,547.77
3 to 4 years	553,912,843.41	50,689,181.77
4 to 5 years	47,416,947.19	292,396,895.63
More than 5 years	2,539,271,116.67	2,390,730,850.73

Aging	Closing balance	Closing balance of prior period
Subtotal	5,842,667,395.75	4,391,348,610.04
Less: Provision for bad debts	290,218,545.58	181,206,236.63
Total	5,552,448,850.17	4,210,142,373.41

(2) Details of classification by nature

Nature	Closing balance	Closing balance of prior period
Government current payments	3,779,027,214.70	3,492,021,977.13
Company current payments	2,063,640,181.05	899,326,632.91
Subtotal	5,842,667,395.75	4,391,348,610.04
Less: Provision for bad debts	290,218,545.58	181,206,236.63
Total	5,552,448,850.17	4,210,142,373.41

(3) Details of bad debt provision

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Closing balance of prior period	181,206,236.63			181,206,236.63
The balance of closing balance of prior period in the current period				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	109,012,308.95			109,012,308.95
Reversal				
Elimination				
Write-off				
Other changes				
Closing balance	290,218,545.58			290,218,545.58

(4) Top five other receivables based on debtors

Entity	Closing balance	Aging	Nature
Zhengzhou Finance Bureau	2,064,294,688.32	Within 1 year , more than 5 years	Current payment
Henan Dongwang Real Estate Co., Ltd.	613,139,610.49	1 to 4 years	Current payment
Zhengzhou Zhengdong New District Management Committee	541,749,010.30	2 to 3 years	Current payment

Entity	Closing balance	Aging	Nature
Zhengzhou Municipal Engineering Construction Center	382,177,621.83	2 to 3 year, more than 5 years	Current payment
Zhengzhou State-owned Assets Supervision and Administration Commission	200,000,000.00	More than 5 years	Current payment
Total	3,801,360,930.94		

(5) There were no other receivables actually written off during the reporting period.

(6) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(7) At the end of the period, there are no transferred accounts receivable and the amount of assets and liabilities formed by continued involvement.

(5) Inventories

(a) Categories

Item	Closing balance		
	Book balance	Provision	Carrying amount
Raw material	536,767.64		536,767.64
Finished goods	1,813,907.65		1,813,907.65
Development cost	32,716,127,145.78		32,716,127,145.78
Low-value consumption Goods	19,789.78		19,789.78
Contract performance costs	146,678,806.16		146,678,806.16
Materials in transit	1,191,399.57		1,191,399.57
Product development	1,293,945,482.72		1,293,945,482.72
Consumable biological assets	5,091,430.81		5,091,430.81
Total	34,165,404,730.11		34,165,404,730.11

(Continued)

Item	Closing balance of prior period		
	Book balance	Provision	Carrying amount
Raw material	2,010,211.13		2,010,211.13
Finished goods	5,127,535.01		5,127,535.01
Development Cost	33,759,090,930.65		33,759,090,930.65
Low-value Consumption Goods	290,267.20		290,267.20
Engineering construction	198,851,773.22		198,851,773.22
Materials in transit	1,691,046.40		1,691,046.40
Product development	1,558,247,659.20		1,558,247,659.20

Item	Closing balance of prior period		
	Book balance	Provision	Carrying amount
Consumable biological assets	5,113,790.73		5,113,790.73
Total	35,530,423,213.54		35,530,423,213.54

(b) Provision for inventories

Category	Closing balance of prior period	Increase in current period		Decrease in current period		Closing balance
		Provision	Other	Reversal	Elimination	
None						

Note: Please refer to "Note VIII (57)" for the pledged information in the inventory at the end of the period.

(6) Contract assets

Item	Closing balance			Closing balance of prior period		
	Book balance	Provision	Carrying amount	Book balance	Provision	Carrying amount
Zhengzhou Third Ring Road Rapidization Project PPP Project	647,552,692.89	323,776.35	647,228,916.54	647,552,692.89		647,552,692.89
Henan Provincial People's Hospital Parking Lot Project				400,413,185.66		400,413,185.66
Total	647,552,692.89	323,776.35	647,228,916.54	1,047,965,878.55		1,047,965,878.55

(7) Other current assets

Item	Closing balance	Closing balance of prior period
Amount of input tax to be deducted	1,700,177,325.05	1,002,396,957.77
Prepaid tax	184,855,919.57	187,252,808.58
Prepaid expenses (renovation fees, etc.)	341,435.16	756,023.99
Contract acquisition cost	13,567,186.90	32,414,833.41
Corporate borrowing	1,715,263,405.60	2,844,587,296.31
Others	6,450,000.00	8,190,600.00

Item	Closing balance	Closing balance of prior period
Total	3,620,655,272.28	4,075,598,520.06

(8) Long-term receivables

Item	Closing balance	Closing balance of prior period
Special loan for Baojiao Building project	12,720,000,000.00	6,923,000,000.00
Total	12,720,000,000.00	6,923,000,000.00

Note: The long-term receivables at the end of the period mainly consist of the special loan obtained by the subsidiary Zhengzhou Real Estate Group Investment Management Co., Ltd. for the China Development Bank Baojiao Building Project. According to the arrangement of the Zhengzhou Municipal Government, the special loan obtained will be transferred to the designated Baojiao Building Project Responsible companies in Zhengzhou City.

(9) Long-term Equity Investments

(a) Classification of long-term equity investments

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries				
Investment in joint ventures and associates	2,208,645,272.36	79,565,797.99	69,158,741.18	2,219,052,329.17
Total	2,208,645,272.36	79,565,797.99	69,158,741.18	2,219,052,329.17

(b) Details of long-term equity investments

1. Investment in subsidiaries

None

2. Investment in joint ventures and associates

Investee	Accounting Method	Cost of investment	Closing balance of prior period
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Equity method	30,000,000.00	683,194,946.37
Henan Newgaodi Holdings Limited	Equity method	24,500,000.00	37,048,028.20
Henan Guochuang Culture Development Co., Ltd.	Equity method	147,000,000.00	2,848,721.01
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Equity method	245,853,000.00	280,161,396.13
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Equity method	556,930,000.00	809,422,157.97
Tianjin Guangkong City Investment Management Partnership	Equity method	980,000.00	950,054.17
Zhengzhou City Construction Jucheng Theatre	Equity method	500,000.00	365,494.49

Investee	Accounting Method	Cost of investment	Closing balance of prior period
Management Co., Ltd.			
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	Equity method	14,139,102.30	57,053,860.23
Henan Zhengdi Lanlu New-type Urbanization Construction Co., Ltd.	Equity method	8,000,000.00	3,990,931.33
Zhengzhou Ersha Culture Development Co., Ltd.	Equity method	22,000,000.00	18,559,859.43
Henan Dongwang Real Estate Co., Ltd.	Equity method	335,300,000.00	284,205,584.48
Zhengzhou Zhengdihe New City Construction Co., Ltd.	Equity method	8,000,000.00	20,286,233.68
Henan Yanhu Real Estate Development Co., Ltd.	Equity method	7,846,400.00	7,846,400.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Equity method	1,500,000.00	1,111,779.31
Zhengzhou Shangdu Impression Commercial Management Co., Ltd	Equity method	1,600,000.00	1,599,825.56
Zhengzhou Railway Construction Chengfanan Station Hub Construction and Development Co., Ltd.	Equity method	581,134.00	
Total		1,404,729,636.30	2,208,645,272.36

(Continued)

Investee	Changes in the current year	Closing balance	Proportion (%)
Henan Zhonglianchuang Real Estate Development Co., Ltd.	-38,918,928.88	644,276,017.49	30.00
Henan Newgaodi Holdings Limited	2,933,264.47	39,981,292.67	49.00
Henan Guochuang Culture Development Co., Ltd.	-2,848,721.01		49.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	21,789,834.15	301,951,230.28	35.00
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	50,753,701.62	860,175,859.59	20.00
Tianjin Guangkong City Investment Management Partnership	-950,054.17		49.00
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	1,125,197.16	1,490,691.65	50.00
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	1,341,174.30	58,395,034.53	21.30
Henan Zhengdi Lanlu New-type Urbanization Construction Co., Ltd.	-190,413.29	3,800,518.04	40.00
Zhengzhou Ersha Culture Development Co., Ltd.	-225,493.82	18,334,365.61	22.00
Henan Dongwang Real Estate Co., Ltd.	-3,793,501.49	280,412,082.99	51.00
Zhengzhou Zhengdihe New City Construction Co., Ltd.	-10,958,507.71	9,327,725.97	40.00
Henan Yanhu Real Estate Development Co., Ltd.	-7,846,400.00		31.01
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	-785,402.96	326,376.35	30.00

Investee	Changes in the current year	Closing balance	Proportion (%)
Zhengzhou Shangdu Impression Commercial Management Co., Ltd	-1,599,825.56		40.00
Zhengzhou Railway Construction Chengfanan Station Hub Construction and Development Co., Ltd.	581,134.00	581,134.00	3.00
Total	10,407,056.81	2,219,052,329.17	

(10) Other equity instruments investments

Item	Closing balance	Closing balance of prior period
Zhengzhou United Real Estate Co., Ltd.	2,000,000.00	2,000,000.00
Zhengzhou Rural Commercial Bank Co., Ltd.	509,520,000.00	509,520,000.00
Total	511,520,000.00	511,520,000.00

(11) Other non-current financial assets

(a) Classification of other non-current financial assets

Item	Closing balance	Closing balance of prior period
Classification of financial assets at fair value through profit or loss	279,567,393.08	280,927,393.08
Including: Debt instrument investment		
Equity instrument investment	279,567,393.08	280,927,393.08
Derivative financial assets		
Mixed Instrument Investing		
Others		
Financial assets designated as fair value through profit or loss		
Including: Debt instrument investment		
Mixed Instrument Investing		
Others		
Total	279,567,393.08	280,927,393.08

(b) Listed of equity instrument investments

Item	Closing balance
Henan Donglong Holdings Co., Ltd.	178,641,142.62
Henan Civil Aviation Development Investment Co., Ltd.	75,000,000.00
Zhengzhou National Central City Industrial Development Fund Co. Ltd.	24,000,000.00
Henan Huiying Real Estate Co., Ltd.	1,926,250.46

Item	Closing balance
Total	279,567,393.08

(12) Investment properties

(a) Investment properties measured at fair value

Item	Plants and buildings	Land use rights	Total
1. Closing balance of prior period	20,408,485,060.14	11,026,789,900.00	31,435,274,960.14
2. Changes in current period	10,230,993,756.49	-38,300.00	10,230,955,456.49
Add: Purchase	8,240,042,344.77		8,240,042,344.77
Transfer from inventories\fixed assets\construction in progress	2,103,489,128.23		2,103,489,128.23
Increase arising by business combination			
Less: Disposal/Completion			
Other transfer-out	112,537,716.51	38,300.00	112,576,016.51
3. Changes in fair value	414,004,645.84	142,460,466.00	556,465,111.84
4.Closing balance	31,053,483,462.47	11,169,212,066.00	42,222,695,528.47

(b) The amount and reason of which certificates of title have not been obtained

Item	Closing balance	Reason
Public rental housing	6,178,152,967.00	The number of public rental houses and low-rent housings injected is large, and some property rights certificates are processed.
Affordable rental housing	6,061,665,840.78	Purchase or self-built rental housing, certificates of title in process
Shops, underground parking space	196,593,874.00	Purchased shops, parking Spaces, certificates of title in process
Land use rights	6,501,343,542.00	Certificates of title in process
Real estate projects	9,672,705,229.76	Self-built commercial and cultural facilities, certificates of title in process
Total	28,610,461,453.54	

Note: 1: The changes in the fair value of the Company's investment properties are based on Zhongwei Zhengxin Pingbao Zi (2024) No. 12006, 12007, 12008, and 12009; Zhengxin Pingbao Zi [2024] No. 005, Yuhua Tong Pingbao Zi [2024] No. 005, Yu Zhengda Ping Bao Zi [2024] No. 001, 002;Yulong Yuan Zhi Bo Ping Zi [2024] No. 004, 005,. 006 report confirmed.

Note 2: Zhengzhou Public Housing Construction Investment Co., Ltd., a subsidiary of the Company, decided to convert the assets of former Provincial Party School Student Apartment Renovation Building, Zhengzhu Lijiang Garden Project, Zhengzhu Lijiang Garden Project, Zhengzhu Longmen Garden project and the Zhengzhu Xuesong Garden project to long-term operating leasing. The Company conducts accounting in accordance with the investment properties standards. The Zhengzhu Lijiang Garden project was completed this year and transferred to the fair value method for accounting. The former Provincial Party Committee Party School student apartment renovation building, The Zhengzhu Longmen Garden project and the Zhengzhu Xuesong Garden project are still under construction and are listed at cost.

Note 3: As of December 31, 2023, Zhengzhou Public Housing Construction Investment Co., Ltd., a subsidiary of the Company, it has 19,472 investment properties with a construction area of 995,401.32 square meters, and has obtained housing ownership certificates for 4,922 investment properties with a construction area of 261,731.95 square meters. , the remaining 14,550 units, with a construction area of 733,669.37, and the property ownership certificate is in process; Zhengzhou Old City Renovation and Development Company, the subsidiary of Zhengzhou Public Housing Construction Investment Co., Ltd., it has 2,091 investment properties with a construction area of 113,686.46 square meters, and has not yet obtained the property ownership certificate for 11 units, with a construction area of 11,916.23 square meters.

(13) Fixed Assets

(a) Classification of fixed assets

Item	Closing balance	Closing balance of prior period
Fixed assets	410,419,053.21	492,311,365.97
Disposal of fixed assets	933.00	16,161.90
Total	410,419,986.21	492,327,527.87

(b) Fixed assets

Item	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
1. Total Cost	859,269,141.66	20,154,613.09	260,225,311.97	619,198,442.78
Plant and buildings	710,259,752.49	3,829,076.67	233,403,060.38	480,685,768.78
Electronic equipment	37,856,927.28	3,162,221.48	4,568,744.27	36,450,404.49
Transport equipment	19,170,232.27	713,251.37	1,195,498.83	18,687,984.81
Machinery and equipment and office equipment	91,982,229.62	12,450,063.57	21,058,008.49	83,374,284.70
2. Total Accumulated Depreciation	366,790,210.14	35,786,936.59	193,965,322.71	208,611,824.02
Plant and buildings	272,324,705.57	22,439,131.37	177,179,832.34	117,584,004.60
Electronic equipment	32,777,734.16	2,517,966.89	4,096,513.29	31,199,187.76
Transport equipment	11,473,357.69	1,019,277.68	1,058,705.90	11,433,929.47
Machinery and equipment and office equipment	50,214,412.72	9,810,560.65	11,630,271.18	48,394,702.19
3. Total of Provision for Impairment	167,565.55			167,565.55
Plant and buildings	167,565.55			167,565.55

Item	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
Electronic equipment				
Transport equipment				
Machinery and equipment and office equipment				
4. Total of Carrying Amount	492,311,365.97			410,419,053.21
Plant and buildings	437,767,481.37			362,934,198.63
Electronic equipment	5,079,193.12			5,251,216.73
Transport equipment	7,696,874.58			7,254,055.34
Machinery and equipment and office equipment	41,767,816.90			34,979,582.51

Note: The large decrease in fixed assets in this period is mainly due to the fact that Zhengzhou Yellow River Hotel and Zhengzhou Songshan Hotel, formerly subsidiaries of Zhengzhou Urban Construction Group Investment Co., Ltd., will no longer be included in the scope of consolidation in 2023.

(c) Disposal of fixed assets

Item	Closing balance	Closing balance of prior period
Disposal of fixed assets	933.00	16,161.90
Total	933.00	16,161.90

(14) Construction in progress

(a) List of construction in progress

Item	Closing balance	Closing balance of prior period
Construction in progress	10,459,504,714.37	2,193,353,370.74
Materials for construction of fixed assets		
Total	10,459,504,714.37	2,193,353,370.74

(b) Details of construction in progress

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Comprehensive Development Project of Underground Intelligent Parking Lot of Henan Provincial People's Hospital		21,511,424.24			21,511,424.24
Bus station project	37,391,533.70				37,391,533.70
Greentown plaza underground space development project	3,365,035.35	35,754.72			3,400,790.07
Olympic Sports Center Exhibition Hall Project		38,098,707.68			38,098,707.68

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Oma Square Commercial Project		562,802,911.63			562,802,911.63
Oma Plaza, Erqi District	3,392,458.07	530,825,439.04	534,217,897.11		
Courtyard No. 4, Maozhuang, Huiji District	3,038,662.76	766,226,607.26			769,265,270.02
No. 4 Yard, Xingrenju, Shibalihe, Guancheng District	12,369,079.26	220,685,567.26	233,054,646.52		
Kangqiao Plaza, Jinshui District	763,774.90	203,815,683.13	204,579,458.03		
Building 1# of Huarui Ziyin Huating Project		120,172,445.44	120,172,445.44		
Phase 5 project of Zhengdi Meijing Dongwang, Zhengdong New District	824,914.10	173,321,958.60			174,146,872.70
Asset management system		771,226.40			771,226.40
Rental housing management system		492,452.83			492,452.83
Integrated collaborative office platform		267,104.29			267,104.29
Talent apartment decoration research		3,150,409.69		3,150,409.69	
Building 5#, Zhonghai Yiranyuan Project		267,166,762.11			267,166,762.11
Pulocheng West 12 Garden Project		959,772,272.67			959,772,272.67
Building 6# and 8# of Zhonghai Yiranyuan Project		254,767,628.31			254,767,628.31
The reputation of Zhengshang is built (Phase 2)		43,623,494.73			43,623,494.73
Building 1# and 7# of Zhonghai Yiranyuan Project		279,443,807.42			279,443,807.42
Unit 3#-1, New Development Kailin Plaza (Phase I)		161,910,027.95			161,910,027.95
Unit 3#-2, New Development Kailin Plaza (Phase 1)		83,320,655.73			83,320,655.73
Tianju Garden		43,682,578.95			43,682,578.95
Valley of Light Commercial Center (Phase 2)		458,965,927.97			458,965,927.97
Jinke City Jin Apartment		539,496.55			539,496.55
Huiquan City No. 11 Court Phase 1 and 2		202,271,062.42			202,271,062.42
Taihong Jianye Commercial Center Area 1 (Plot B2-02)		91,514,453.42			91,514,453.42
Xinya Business Center Xiyuan		502,058.99			502,058.99
Yinji Dongshang Building		38,838.89			38,838.89

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Huiquan City No. 11 Court Phase 3		582,985.42			582,985.42
Unit 3#-2 (126 units) of the new development Kailin Plaza (Phase 1) project		49,718,781.43			49,718,781.43
Yinji Fashion Building		84,729.73			84,729.73
Plot A-05, Eternal Ideal Center		5,022.15			5,022.15
Harmony Lakeside Garden		9,649.37			9,649.37
Vientiane Business Center		559,473.50			559,473.50
Huarui Ziyun City day Garden building 7		115,099.03			115,099.03
Yongjingcheng No.7		25,169,350.00			25,169,350.00
Yongjingcheng No.1 courtyard		336,930,668.59			336,930,668.59
Dingxin Home		871,094,647.51			871,094,647.51
Yaxing Xinghe Garden		910,753,616.30			910,753,616.30
Ersha Hongxiang Jiayuan Project		1,225,956,055.00			1,225,956,055.00
Zhengzhou City Real Estate Integrated Surveying and Mapping System Project	77,433.63				77,433.63
Urban Construction Science and Technology Plaza Project	90,712,708.56	13,612,515.14			104,325,223.70
Xinzheng assembly base	134,000.00			134,000.00	
Citizen Center Project	2,041,164,280.64	434,574,376.88			2,475,738,657.52
Others	119,489.77	2,596,472.05			2,715,961.82
Total	2,193,353,370.74	9,361,460,200.42	1,092,024,447.10	3,284,409.69	10,459,504,714.37

(15) Productive biological assets

Item	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
Forestry	55,409.10		10,981.83	44,427.27
Total	55,409.10		10,981.83	44,427.27

(16) Intangible assets

Items	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
1. Total Cost	10,111,166,940.97	507,693.37	2,934,669.85	10,108,739,964.49
Software	12,216,546.64	507,693.37	99,313.10	12,624,926.91
Parking use right	971,428.56			971,428.56

Items	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
Land use rights	50,478,965.77		2,835,356.75	47,643,609.02
Land development rights	10,047,500,000.00			10,047,500,000.00
2. Subtotal of Accumulated Amortization	849,843,019.75	6,091,188.49	461,413.10	855,472,795.14
Software	5,796,055.67	1,287,946.49	99,313.10	6,984,689.06
Parking use right	140,015.52	27,543.80		167,559.32
Land use rights	6,181,348.56	789,598.20	362,100.00	6,608,846.76
Land development rights	837,725,600.00	3,986,100.00		841,711,700.00
3. Total of Provisions for Impairment				
Software				
Parking use right				
Land use rights				
Land development rights				
4. Total of Carrying Amount	9,261,323,921.22			9,253,267,169.35
Software	6,420,490.97			5,640,237.85
Parking use right	831,413.04			803,869.24
Land use rights	44,297,617.21			41,034,762.26
Land development rights	9,209,774,400.00			9,205,788,300.00

Note 1: RMB 10,117,300.00 of the land use rights is allocated land use rights obtained by Zhengzhou Guoyi Residential Group Co., Ltd., a subsidiary of Zhengzhou Public Housing Construction Investment Co., Ltd., which is the subsidiary of Zhengzhou Public Housing Construction Investment Co., Ltd., the land is located east of Zijingshan Road and north of Dongli Road, with a use rights area of 5005.20 square meters, with an indefinite useful life and no amortization.

Note 2: The land development rights belong to the subsidiary Zhengzhou Health City Development Co., Ltd. in accordance with the "About Agreeing that Zhengzhou Health City Development Co., Ltd. enjoys the development rights of Zhengzhou Xingyang Health Park and the assessed value of the first-phase development rights are included in the capital reserve" issued by the Xingyang Municipal People's Government in 2016. For the land development rights obtained by the "Account Approval" (Xingzhengwen [2016] No. 209), the Xingyang Municipal People's Government agreed that Health City Company has the rights to develop the 48 square kilometers of the planned area of the first phase of Zhengzhou Xingyang Health Park, and the assessed value will be included in the capital public space.

Note 3: RMB 12,000,000.00 of the land use rights is owned by the Company, and there is no land use right certificate.

(17) Goodwill

Name of the investee or items resulting in goodwill	Closing balance of prior period	Increases in the current period	Decreases in the current period	Closing balance	Provision of impairment
The cost of business combination merger not under common control is greater than the share of net assets that should be enjoyed	41,565,646.14			41,565,646.14	

Note: The Company purchased the equity of Zhengzhou Xiesheng Real Estate Co., Ltd., resulting in a total of RMB 18,256,632.24, Zhengzhou Shangdu Holding Group Co., Ltd. purchased RMB 19,183,841.42 when it purchased the equity of Zhengzhou Xintiandi Real Estate Co., Ltd.; Henan Datong Investment Co., Ltd. purchased RMB 4,125,172.48 when it acquired the equity of Henan Yatong Real Estate Co., Ltd.

(18) Long-term prepaid expenses

Item	Closing balance of prior period	Increases in the current period	Amortization in the current period	Other decrease	Closing balance
Renovation expenses	17,193,749.27	423,442.70	1,674,418.67	13,325,268.00	2,617,505.30
CMB Financial Leasing Fees	925,000.01		716,666.66		208,333.35
Maintenance funds	434,434.87		108,280.20		326,154.67
Tianjin Hongsheng Leasing Company service fee	4,748,666.62		1,676,000.04		3,072,666.58
Mold		286,442.05			286,442.05
Others	2,286,917.29	8,818,205.10	2,557,367.55	604,901.91	7,942,852.93
Total	25,588,768.06	9,528,089.85	6,732,733.12	13,930,169.91	14,453,954.88

(19) Deferred tax assets and deferred tax liabilities

Items	Closing balance		Closing balance of prior period	
	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences
1. Deferred tax assets	260,030,763.71	1,040,461,762.01	228,732,790.95	915,013,606.67
Provision for bad debts	95,726,028.58	382,928,971.94	61,349,596.83	245,480,830.28
Staff education funds, etc.	206,821.86	827,287.42	385,767.26	1,543,069.04
Project assets	88,291.63	353,166.52	37,453,027.71	149,812,110.84
Interest payables	13,190,009.72	52,760,038.86	13,632,509.72	54,530,038.87
Uncovered loss	150,694,850.16	602,779,400.63	115,904,821.28	463,619,284.99
Changes in fair value	117,693.60	784,624.00		
others	7,068.16	28,272.64	7,068.15	28,272.65
2. Deferred tax liabilities	1,537,002,205.88	6,148,008,823.51	1,376,201,874.66	5,504,807,498.63
Changes in fair value gains or losses	1,336,359,686.91	5,345,438,747.63	1,188,586,198.63	4,754,344,794.51

Items	Closing balance		Closing balance of prior period	
	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences
Tax depreciation period difference	110,396,004.24	441,584,016.96	110,396,004.24	441,584,016.96
Contract acquisition cost	3,391,796.73	13,567,186.92	8,103,708.35	32,414,833.40
Interest income before tax time	67,099,339.56	268,397,358.24	49,360,851.68	197,443,406.72
Acquisition of assets to assess appreciation	19,755,378.44	79,021,513.76	19,755,111.76	79,020,447.04

(20) Other non-current assets

Item	Closing balance	Closing balance of prior period	Note
Municipal infrastructure	14,590,496,418.25	14,590,496,418.25	Note 1
National Technology Transfer Zhengzhou Center Joint Construction Project	170,456,525.55	159,504,440.19	
Third Ring Road Rapidization Project PPP Project	2,766,518,952.76	3,088,968,860.80	
Jialu River Comprehensive Management Ecological Greening PPP Project	5,916,502,563.03	5,582,064,387.05	
Advances to suppliers (Niukouyu project, affordable rental housing)	2,178,392,725.31		Note 2
Provincial People's Hospital Project	400,413,185.66		
Demolition of investment real estate	80,292,600.00	78,218,300.00	
Land reclamation		15,000,000.00	
Yongsheng Huayuan project	132,171,358.26	125,849,297.88	Note 3
Dahe Xinyuan project	8,556,871.93	8,556,871.93	Note 3
Nanpingyuan project	76,735,839.43	76,717,563.43	Note 3
Yongsheng Nanyuan project	121,662,379.72	121,662,379.72	Note 3
Aoma Plaza project		996,956,607.02	
Zhengdi public rental housing	10,103,697,300.00	10,103,697,300.00	Note 4
Subtotal	36,545,896,719.90	34,947,692,426.27	
Less: provision for impairments	4,541,717.35		
Total	36,541,355,002.55	34,947,692,426.27	

Note 1: In order to better reflect the actual situation of municipal infrastructure assets, according to the provisions of the Development and Reform Commission [2018] No. 194, during the reporting period, Zhengzhou Urban Construction Group Investment Co., Ltd., a subsidiary of the Company, adjusted the accounting presentation of fixed assets-municipal infrastructure from fixed assets to other non-current assets.

Note 2: The prepayments mainly include the Company's prepayments for the Niukouyu project and the purchase of affordable rental housing.

Note 3: The Yongsheng Huayuan Project and the Dahe Xinyuan Project are the economically affordable housing projects originally planned by Zhengzhou Public Housing Construction Investment Co., Ltd., and the Nanpingyuan Project and the Yongsheng Nanyuan Project are the economically affordable housing projects originally planned by the subsidiary Guoyi Housing Company. The project, according to the "Notice of Zhengzhou Development and Reform Commission, Zhengzhou Housing Security and Real Estate Administration, Zhengzhou Natural Resources and Planning Bureau on Canceling the Construction Plan of 21 Affordable Housing Projects including Xijing Garden" (Zheng Fa Gai City [2019] No. 247) document, the construction of four projects has been cancelled, and the cost of the company's land demolition in the early stage of the project will be compensated after the relevant land is sold.

Note 4: In 2021, Henan Zhengdi Housing Leasing Co., Ltd., a subsidiary of the Company, obtained a total of 47,480 sets of public rental housing from Zhengzhou Municipal Housing Security and Real Estate Administration and Zhengzhou State-owned Assets Supervision and Administration Commission, valued at RMB 10,103,697,300.00. This part of the property has not yet obtained the title certificate, and the above-mentioned asset management model has not been clarified, and is temporarily listed as other non-current assets.

(21) Short-term borrowings

(a) Classification

Item	Closing balance	Closing balance of prior period
Pledged loan		
Secured loan		
Guaranteed loan	190,000,000.00	235,000,000.00
Unsecured loan	1,527,500,000.00	500,000,000.00
Total	1,717,500,000.00	735,000,000.00

(b) At the end of the period, there are no short-term loans that have been overdue.

(c) Guaranteed loan

Name	Closing balance	Borrower	Guarantor
Zhongyuan Bank Co., Ltd. Zhengzhou Agricultural South Road Branch	170,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd.
Zheshang Bank Co., Ltd. Zhengzhou Branch	20,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Shangdu Holding Group Co., Ltd.
Total	190,000,000.00		

(22) Notes payable

Item	Closing balance	Closing balance of prior period
Bank acceptance bill		1,200,000.00
Commercial acceptance bill	160,166,997.62	61,814,396.43
Total	160,166,997.62	63,014,396.43

(23) Accounts payables

(a) Details by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	4,562,002,364.27	1,948,529,758.94
1 to 2 years (including 2 years)	649,864,900.91	1,118,772,611.80
2 to 3 years (including 3 years)	861,197,378.65	53,800,593.67
More than 3 years	832,061,010.16	800,053,887.05
Total	6,905,125,653.99	3,921,156,851.46

(2) Accounts payable by the top five at the end of the period

Entity	Nature of money	Closing balance	Aging	Proportion (%)
Henan Yaxing Property Group Co., LTD	House payment	910,753,616.30	Within 1 year	13.19
Zhengzhou Tongrun Real Estate Co., LTD	House payment	871,094,647.51	Within 1 year	12.62
China Power Construction Road and Bridge Group Co., Ltd	Project payment	741,659,375.93	Within 1 year, 1to 2 years and 2 to 3 years	10.74
Sinohydro (Zhengzhou) Investment Development Co., Ltd.	Project payment	594,666,000.00	More than 5 years	8.61
China Power Construction 11th Bureau Engineering Co., Ltd	Project payment	431,724,442.40	Within 1 year, 1 to 2 years and 2 to 3 years	6.25
Total		3,549,898,082.14		51.41

(24) Receipts in advance

(a) Details by aging

Item	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	18,544,968.10	13,670,507.46
1 to 2 years (including 2 years)	237,871.97	507,248.20
2 to 3 years (including 3 years)	85,366.78	6,267,993.17
More than 3 years	6,769,550.00	660,011.00
Total	25,637,756.85	21,105,759.83

(b) Receipts in advance at the end of the period are mainly rent, etc.

(25) Contract liabilities

Item	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	850,499,063.60	866,867,588.63
1 to 2 years (including 2 years)	265,505,260.84	428,639,552.22
2 to 3 years (including 3 years)	244,186,020.09	264,653,552.76
More than 3 years	670,391,795.58	1,301,567,938.24
Total	2,030,582,140.11	2,861,728,631.85

(26) Payroll and employee benefits payable

(a) Payroll and employee benefits payable

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Short-term benefits	26,641,932.87	349,324,203.20	347,118,633.09	28,847,502.98
2. Post-employment benefits – Defined contribution plan	2,106,566.35	38,991,740.43	41,053,678.83	44,627.95
3. Termination benefits		639,411.96	639,411.96	
Total	28,748,499.22	388,955,355.59	388,811,723.88	28,892,130.93

(b) Disclosure of Short-term benefits

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	17,374,497.81	279,767,185.08	273,683,403.34	23,458,279.55
2. Staff welfare	86,967.03	21,104,719.16	21,140,694.81	50,991.38
3. Social security contributions	9,340.14	17,493,715.26	17,494,155.47	8,899.93
Including: Medical insurance	-8,484.53	14,911,653.06	14,912,093.27	-8,924.74
Work injury insurance	16,038.45	758,078.50	758,078.50	16,038.45
Maternity insurance	1,786.22	1,823,983.70	1,823,983.70	1,786.22
4. Housing funds	128,675.50	24,540,937.97	24,575,992.94	93,620.53
5. Labor union and employee education costs	9,042,452.39	5,835,476.25	9,642,217.05	5,235,711.59
6. Others		582,169.48	582,169.48	
Total	26,641,932.87	349,324,203.20	347,118,633.09	28,847,502.98

(c) Disclosure of defined contribution plan

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Basic medical insurance	34,302.50	29,153,422.84	29,155,662.00	32,063.34
2. Unemployment insurance	12,804.74	1,264,124.98	1,264,365.11	12,564.61
3. Enterprise annuity	2,059,459.11	8,574,192.61	10,633,651.72	

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
Total	2,106,566.35	38,991,740.43	41,053,678.83	44,627.95

(27) Taxes payable

Item	Closing balance	Closing balance of prior period
Value added tax	253,491,229.51	220,174,007.71
City maintenance and construction tax	7,654,967.90	8,114,716.69
Educational surcharge	2,264,039.86	2,880,060.31
Local educational surcharge	1,509,210.43	1,903,196.73
Enterprise income tax	174,235,182.99	164,484,797.41
House property tax	18,386,737.19	17,605,142.79
Land value added tax	5,295,486.16	3,920,935.77
Land usage tax	2,389,939.95	2,612,869.57
Individual income tax	450,527.44	663,154.25
Stamp tax	394,913.02	194,896.94
Deed tax	1,838,395.76	
Disability Fund		86,387.56
Environmental protection tax		1,021.58
Total	467,910,630.21	422,641,187.31

(28) Other payables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest payables		1,763,437.49
Dividends payable		
Other payables	7,859,574,835.06	7,368,875,552.38
Total	7,859,574,835.06	7,370,638,989.87

(b) Interest payables

Item	Closing balance	Closing balance of prior period
Long-term borrowings interest due to maturity		1,763,437.49
Corporate bond interest		
Short-term borrowings interest payable		
Financing lease interest		

Item	Closing balance	Closing balance of prior period
Enterprise loan interest		
Total		1,763,437.49

(c) Other payable

(1) Disclosure by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	1,618,949,609.13	853,337,976.97
1 to 2 years (including 2 years)	628,513,465.51	597,553,469.91
2 to 3 years (including 3 years)	496,509,545.52	320,073,150.02
More than 3 years	5,115,602,214.90	5,597,910,955.48
Total	7,859,574,835.06	7,368,875,552.38

(2) Other payables of the top five at the end of the period according to the other party's unit

Entity	Nature	Closing balance	Aging	Proportion (%)
Zhengzhou Land Reserve Center	Project construction fund	1,575,000,000.00	More than 5 years	20.04
Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd.	Project construction fund and Current payment	1,186,550,000.00	3 to 5 years and more than 5 years	15.10
Zhengzhou Non-tax Revenue Administration	Project construction fund	841,389,583.00	1 to 5 years and more than 5 years	10.71
People's Government of Erqi District, Zhengzhou City	Performance deposit	825,996,137.57	Within 1 year	10.51
Zhengdong New District Hecun Bingcheng Office	Project construction fund	445,298,298.84	Within 1 year and 1 to 5 years	5.67
Total		4,874,234,019.41		62.03

(29) Current portion of non-current liabilities

(a) Classification of current portion of non-current liabilities

Item	Closing balance	Closing balance of prior period
Long-term borrowings due within 1 year	5,046,310,659.12	6,547,246,499.60
Bonds payable due within 1 year	10,210,000,000.00	4,987,400,000.00
Long-term payable due within 1 year	965,757,410.03	975,378,310.14
Lease liabilities due within 1 year		1,473,713.33
Interest payables due within 1 year	726,158,377.33	712,927,634.04
Total	16,948,226,446.48	13,224,426,157.11

(b) Classification of long-term borrowings due within one year

Item	Closing balance
Pledged loans	

Item	Closing balance
Secured loans	24,974,700.00
Guaranteed loans	1,230,774,343.62
Unsecured loans	3,790,561,615.50
Total	5,046,310,659.12

1. Secured loans are classified by borrowing unit

Name	Closing balance	Borrower	Collateral
Zhengzhou Bank Co., Ltd. Bojin Trade City Sub-branch	8,474,700.00	Henan Datong Co., Ltd.	Inventories - Development products
Bank of Communications Co., Ltd, Zhengzhou Jingsan Road Sub-branch	8,000,000.00	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Inventories - Development products
Zhengzhou Bank Co., Ltd.Airport Sub-branch	8,500,000.00	Zhengzhou Public Housing Construction Investment Co., Ltd.	Investment properties – buildings
Total	24,974,700.00		

2. Guaranteed loans are classified by borrowing unit

Name	Closing balance	Borrower	Guarantor
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	556,900,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	4,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
China Construction Bank Co., Ltd. Zhengzhou Zhongxing Road Branch	200,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	35,100,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	180,200,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Business Department, West Fourth Ring Branch, Bank of Zhengzhou	315,500,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
Zhengzhou Bank Co., Ltd. BojinShangmao Sub-branch	6,725,300.00	Henan Datong Co., Ltd.	Zhengzhou Xiliuhu Holdings Co., Ltd., Henan Province Jingrui holding limited liability company
China Construction Bank Co., Ltd. Zhengzhou Zhongxing Road Branch	1,432,000.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Nanyang Road Branch	6,274,000.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	2,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Barry Trust Co., Ltd.	2,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
National Development Bank Henan Branch	7,000,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of China Co., Ltd. Zhengzhou Shangding Road Branch	22,389,300.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	9,089,400.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	24,194,925.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China Construction Bank Zhengzhou Jinshui Branch	21,045,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	4,900,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial Bank Co., Ltd. Zhengzhou High-tech Branch	1,160,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Postal Savings Bank of China Co., Ltd. Zhengzhou Yingxie Road Branch	16,770,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Co., Ltd. Zhengzhou Free Trade Zone Branch	200,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
Far East International Financial Leasing Co., Ltd.	7,000,000.00	Zhengzhou Dingrun Urban Construction Co., Ltd.	Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd.
Bank of China Co., Ltd. Zhengzhou High-tech Development Zone Branch	2,849,550.00	Zhengzhou Chengfa Housing Leasing Co., Ltd.	Zhengzhou Urban Construction Group Investment Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	882,868.62	Zhengzhou Shangdu Songnan Impression Real Estate Co., Ltd.	Zhengzhou Shangdu Commercial Development Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	2,962,000.00	Henan Zhengdi Science and Technology Innovation Industry Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Total	1,230,774,343.62		

(30) Other current liabilities

Item	Closing balance	Closing balance of prior period
Amount of output tax to be transferred	79,872,764.01	95,923,467.98
Total	79,872,764.01	95,923,467.98

(31) Long-term borrowings

(a) Categories long-term borrowings

Item	Closing balance	Closing balance of prior period
Pledged loans		
Secured loans	383,830,780.00	236,000,000.00
Guaranteed loans	14,845,253,791.22	5,039,480,800.00
Unsecured loans	24,932,753,225.00	23,226,809,340.50
Total	40,161,837,796.22	28,502,290,140.50

(b) Secured loan

Name	Closing balance	Borrower	Guaranty
Bank of Communications Co., Ltd. Zhengzhou Gongyi Branch	30,370,000.00	Zhengzhou Guoxin Enterprise Development Co., Ltd.	Inventories - Development costs
Bank of Zhengzhou Co., Ltd. Bojin Trade City Branch	123,843,100.00	Henan Datong Investment Co., Ltd.	Inventories - Development products
Bank of Communications Co., Ltd, Zhengzhou Jingsan Road Sub-branch	144,000,000.00	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Inventories - Development products
China CITIC Bank Co., Ltd. Zhengzhou Branch	10,117,680.00	Zhengzhou Xiesheng Real Estate Co., Ltd.	Inventories - Development costs
Zhengzhou Bank Co., Ltd. Airport Sub-branch	75,500,000.00	Zhengzhou Public Housing Construction Investment Co., Ltd.	Investment properties - buildings

Name	Closing balance	Borrower	Guaranty
Total	383,830,780.00		

(c) Guaranteed loan

Name	Closing balance	Borrower	Guarantor
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	399,600,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	210,500,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	426,500,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Bank of Communications Co., Ltd. Zhengzhou Jiuru Road Branch	70,580,808.51	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
China Construction Bank Corporation Zhengzhou Zhongxing Road Branch	19,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Bohai International Trust Co., Ltd.	200,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	183,700,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Business Department, West Fourth Ring Branch, Bank of Zhengzhou	89,000,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. BojinShangmao Sub-branch	16,156,900.00	Henan Datong Investment Co., Ltd.	Zhengzhou Xiliuhu Holdings Co., Ltd
China Construction Bank Corporation Zhengzhou Zhongxing Road Branch	33,025,500.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Nanyang Road Branch	157,222,600.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	18,000,000.00	Yellow River Cross-Strait Cultural Tourism	Henan Zhengdi New Town Construction Industry Development

Name	Closing balance	Borrower	Guarantor
		Development Co., Ltd.	Co., Ltd.
Barry Trust Co., Ltd.	347,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	71,750,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China Construction Bank Zhengzhou Jinshui Branch	1,887,123,852.30	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	1,052,834,900.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial Bank Co., Ltd. Zhengzhou High-tech Branch	87,100,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	3,059,800,075.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Postal Savings Bank of China Co., Ltd. Zhengzhou Yingxie Road Branch	672,270,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of China Co., Ltd. Zhengzhou Shangding Road Branch	2,150,570,200.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Zhengzhou Zhongyuan Branch	73,400,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Co., Ltd. Zhengzhou Free Trade Zone Branch	5,800,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
National Development Bank Henan Branch	1,870,000,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	43,260,512.41	Zhengzhou Shangdu Songnan Impression Real Estate Co., Ltd.	Zhengzhou Shangdu Commercial Development Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Branch	83,980,483.00	Henan Zheng Real Estate City Integrated Construction Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	20,736,600.00	Henan Zhengdi Science and Technology Innovation Industry Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Pacific Debt Investment Plan (CITIC)	1,000,000,000.00	Zhengzhou Urban Construction Group	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
		Investment Co., Ltd.	
Far East International Financial Leasing Co., Ltd.	1,000,000.00	Zhengzhou Dingrun Urban Construction Co., Ltd.	Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd
Bank of China Co., Ltd. Zhengzhou High-tech Development Zone Branch	595,341,360.00	Zhengzhou Chengfa Housing Leasing Co., Ltd.	Zhengzhou Urban Construction Group Investment Co., Ltd.
Total	14,845,253,791.22		

(32) Bonds payable

Bond name	Nominal value	Maturity of bond	Coupon rate	Issue Amount
19 Urban Construction 01 Bonds	1,000,000,000.00	2022.03.26-2024.03.26	4.60%	988,160,888.52
19 Urban Construction 02 Bonds	500,000,000.00	2022.04.19-2024.04.19	4.69%	494,103,773.59
20 US Dollar Bonds	1,416,540,000.00	2020.01.16-2025.01.16	3.80%	1,393,459,075.30
20 Zhengjian 01	500,000,000.00	2020.03.24-2025.03.24	3.77%	496,462,264.16
20 Zhengzhou Urban Construction PPN001		2020.03.30-2023.03.30	3.59%	
20 Debt Financing Plan Phase 1		2020.08.31-2023.08.31	4.22%	
20 Debt Financing Plan Phase 2		2020.09.16-2023.09.15	5.20%	
20 Debt Financing Plan Phase 3		2020.09.18-2023.09.18	5.20%	
20 Debt Financing Plan Phase 4		2020.09.29-2023.09.29	4.25%	
21 Zheng Jian 01 Corporate Bonds	1,000,000,000.00	2021.03.30-2024.03.30	4.34%	992,924,528.30
21 Medium-term Notes (21 Zhengzhou Urban Construction MTN001)	300,000,000.00	2021.06.03-2024.06.03	3.74%	298,726,415.09
21 Debt Financing Plan Phase 1		2021.09.15-2024.09.15	5.28%	
21 Zheng Jian 02 Corporate Bonds	500,000,000.00	2021.11.01-2024.11.01	3.78%	496,462,264.16
21 Zheng Jian 03 Corporate Bonds	500,000,000.00	2021.12.03-2024.12.02	3.50%	496,462,264.16
21 Debt Financing Plan Phase 2	500,000,000.00	2021.12.22-2024.12.21	4.85%	497,113,207.56
21 Debt Financing Plan Phase 3	500,000,000.00	2021.12.24-2024.12.23	4.57%	499,094,339.63
22 700 million medium-term notes	700,000,000.00	2022.01.27-2025.01.27	3.13%	696,991,320.76
22 Debt Financing Plan Phase 1	693,000,000.00	2022.02.23-2025.02.23	5.12%	619,698,905.68
22 Debt Financing Plan Phase 2	250,000,000.00	2022.03.16-2024.01.17	5.50%	248,853,657.59
22 Debt Financing Plan Phase 3	276,300,000.00	2022.06.27-2025.06.27	4.92%	274,496,230.19
22 Zheng Jian 01 Corporate Bonds	1,000,000,000.00	2022.06.29-2027.06.29	3.89%	988,207,547.17

Bond name	Nominal value	Maturity of bond	Coupon rate	Issue Amount
22 Zheng Jian 02 Corporate Bonds	500,000,000.00	2022.08.17-2027.08.17	3.48%	494,103,773.59
22 US Dollar Bonds	2,478,945,000.00	2022.08.30-2025.08.30	5.20%	2,460,160,071.10
23 1 billion Middle-term Notes	1,000,000,000.00	2023.03.22-2026.03.22	3.54%	995,500,000.00
19 public housing investment bond 01	700,000,000.00	2019.10.31-2026.10.30	4.93%	700,000,000.00
21 Zhengzhu Investment Bonds	600,000,000.00	2021.06.22-2028.06.21	4.98%	600,000,000.00
22 Yu Public Housing ZR002	200,000,000.00	2022.05.26-2025.05.26	4.17%	200,000,000.00
22 Yu Public Housing ZR003	100,000,000.00	2022.06.24-2025.06.24	4.17%	100,000,000.00
23 Zhengzhou Real Estate GN001 Carbon Neutral Bond	300,000,000.00	2023.03.02-2026.03.02	4.00%	300,000,000.00
23 Zhengzhou Real Estate PPN001	350,000,000.00	2023.04.26-2026.04.26	3.80%	350,000,000.00
23 Zhengzhu 01	400,000,000.00	2023.06.15-2028.06.15	3.60%	400,000,000.00
23 Zhengzhou Real Estate PPN002	300,000,000.00	2023.07.06-2026.07.06	3.80%	300,000,000.00
23 Zhengzhou Real Estate MTN001	300,000,000.00	2023.08.08-2026.08.08	3.45%	300,000,000.00
23 Zhengzhu 02	600,000,000.00	2023.09.12-2028.09.12	3.57%	600,000,000.00
20 Zhengzhou Real Estate PPN001	1,000,000,000.00	2020.04.29-2025.04.29	3.52%	1,000,000,000.00
21 Zhengzhou Real Estate PPN003	1,000,000,000.00	2021.08.30-2026.08.30	3.68%	1,000,000,000.00
21 Zhengdi 01	1,500,000,000.00	2021.04.07-2026.04.07	4.21%	1,500,000,000.00
21 Zhengdi 05	1,000,000,000.00	2021.08.09-2026.08.09	3.97%	1,000,000,000.00
21 Zhengzhou Real Estate bonds 01	3,000,000,000.00	2021.06.23-2028.06.22	3.80%	3,000,000,000.00
21 Zhengzhou Real Estate bonds 02	1,000,000,000.00	2021.06.23-2028.06.22	4.10%	1,000,000,000.00
22 Zhengzhou Real Estate MTN001	1,200,000,000.00	2022.03.18-2027.03.18	4.03%	1,200,000,000.00
22 Zhengzhou Real Estate bonds 01	500,000,000.00	2022.06.23-2037.06.23	3.57%	500,000,000.00
22 Zhengzhou Real Estate US Dollar Bonds	2,484,930,000.00	2022.09.13-2025.09.12	5.10%	2,484,930,000.00
G22 Zhengzhou Real Estate 01	1,000,000,000.00	2022.09.21-2025.09.20	5.00%	1,000,000,000.00
23Zhengzhou Chengfa MTN001	800,000,000.00	2023.04.26-2026.04.26	3.47%	800,000,000.00
23 Zhengfa 01 bond principal	500,000,000.00	2023.07.07-2028.07.07	3.40%	500,000,000.00
23 Zhengfa 03 bond principal	500,000,000.00	2023.08.25-2026.08.25	3.05%	500,000,000.00
23 Zhengfa 05 bond principal	200,000,000.00	2023.11.02-2028.11.01	3.27%	200,000,000.00
23 Zhengfa 06 bond principal	1,000,000,000.00	2023.11.02-2028.11.01	3.57%	1,000,000,000.00
23 Zhengfa 08 bond principal	800,000,000.00	2023.12.19-2028.12.18	3.38%	800,000,000.00
Total	34,949,715,000.00			34,765,910,526.55

(Continued)

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
19 Urban Construction 01 Bonds	24,000,000.00	11,839,111.48	32,000,000.00	32,000,000.00	
19 Urban Construction 02 Bonds	11,200,000.00	5,896,226.41	16,000,000.00	16,000,000.00	
20 US Dollar Bonds	26,722,360.00	19,490,558.64	61,680,209.20	61,303,819.20	1,412,949,633.94
20 Zhengjian 01	14,451,666.67	5,457,168.48	19,150,000.00	18,850,000.00	499,560,942.08
20 Zhengzhou Urban Construction PPN001	13,462,500.00		4,487,500.00	17,950,000.00	-
20 Debt Financing Plan Phase 1	3,329.89		5,890,369.00	5,893,698.89	
20 Debt Financing Plan Phase 2	202,800.00		6,559,800.00	6,762,600.00	
20 Debt Financing Plan Phase 3	106,311.11		5,654,422.23	5,760,733.34	
20 Debt Financing Plan Phase 4	2,054,166.67		5,595,833.33	7,650,000.00	
21 Zheng Jian 01 Corporate Bonds	32,791,111.11	7,075,471.70	43,400,000.00	43,400,000.00	
21 Medium-term Notes (21 Zhengzhou Urban Construction MTN001)	6,482,666.67	1,273,584.91	11,220,000.00	11,220,000.00	
21 Debt Financing Plan Phase 1	4,253,333.33		8,123,866.67	12,377,200.00	
21 Zheng Jian 02 Corporate Bonds	3,150,000.00	3,537,735.84	18,900,000.00	18,900,000.00	
21 Zheng Jian 03 Corporate Bonds	1,361,111.11	3,537,735.84	17,500,000.00	17,500,000.00	
21 Debt Financing Plan Phase 2	606,250.00	2,886,792.44	24,250,000.00	24,250,000.00	
21 Debt Financing Plan Phase 3	444,305.56	905,660.37	17,137,500.00	22,100,000.00	
22 700 million medium-term notes	16,432,500.00	2,005,786.16	21,910,000.00	21,910,000.00	698,997,106.92
22 Debt Financing Plan Phase 1	72,907.39	4,001,094.32	32,820,480.00	32,827,770.75	554,400,000.00
22 Debt Financing Plan Phase 2	-47,089.03	1,146,342.41	13,750,000.00	13,721,695.11	
22 Debt Financing Plan Phase 3	-20,690.96	1,803,769.81	14,349,180.00	14,347,110.90	245,600,000.00
22 Zheng Jian 01 Corporate Bonds	19,450,000.00	4,716,981.14	38,900,000.00	38,900,000.00	992,924,528.31
22 Zheng Jian 02 Corporate Bonds	4,350,000.00	2,358,490.56	17,400,000.00	17,400,000.00	496,462,264.15
22 US Dollar Bonds	31,688,930.00	10,338,046.34	149,872,316.53	149,249,172.80	2,470,498,117.44
23 1 billion Middle-term Notes		1,500,000.00	26,550,000.00		997,000,000.00
19 public housing investment					280,000,000.00

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
bond 01					
21 Zhengzhu Investment Bonds					480,000,000.00
22 Yu Public Housing ZR002					160,000,000.00
22 Yu Public Housing ZR003					80,000,000.00
23 Zhengzhou Real Estate GN001 Carbon Neutral Bond					300,000,000.00
23 Zhengzhou Real Estate PPN001					350,000,000.00
23 Zhengzhu 01					400,000,000.00
23 Zhengzhou Real Estate PPN002					300,000,000.00
23 Zhengzhou Real Estate MTN001					300,000,000.00
23 Zhengzhu 02					600,000,000.00
20 Zhengzhou Real Estate PPN001					408,000,000.00
21 Zhengzhou Real Estate PPN003					1,000,000,000.00
21 Zhengdi 01					1,500,000,000.00
21 Zhengdi 05					1,000,000,000.00
21 Zhengzhou Real Estate bonds 01					3,000,000,000.00
21 Zhengzhou Real Estate bonds 02					1,000,000,000.00
22 Zhengzhou Real Estate MTN001					1,200,000,000.00
22 Zhengzhou Real Estate bonds 01					500,000,000.00
22 Zhengzhou Real Estate US Dollar Bonds					2,478,945,000.00
G22 Zhengzhou Real Estate 01					1,000,000,000.00
23Zhengzhou Chengfa MTN001					800,000,000.00
23 Zhengfa 01 bond principal					500,000,000.00
23 Zhengfa 03 bond principal					500,000,000.00
23 Zhengfa 05 bond principal					200,000,000.00

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
23 Zhengfa 06 bond principal					1,000,000,000.00
23 Zhengfa 08 bond principal					800,000,000.00
Total	213,218,469.52	89,770,556.85	613,101,476.96	610,273,800.99	28,505,337,592.84

Note 1: In April 2020, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion. The name of the bond: Zhengzhou Real Estate Group Co., Ltd.'s 2020 first phase of targeted debt financing instruments, referred to as 20 Zhengzhou Real Estate PPN001. The face value is RMB 1 billion, the coupon rate is 3.52%, and the bond term is from April 29, 2020 to April 29, 2025.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 500 million, referred to as 21 Zhengzhou Real Estate PPN001, with a face value of RMB 500 million and a coupon rate of 4.18%. The bond term is from March 15, 2021 to March 15, 2024. Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengzhou Real Estate PPN002, with a face value of RMB 1 billion and a coupon rate of 4.10%. The bond term is from April 28, 2021 to April 28, 2024.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengzhou Real Estate PPN003, with a face value of RMB 1 billion and a coupon rate of 3.68%. The bond term is from August 30, 2021 to August 30, 2024.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1.5 billion, referred to as 21 Zhengdi 01, with a face value of RMB 1.5 billion and a coupon rate of 4.21%. The bond term is from April 7, 2021 to April 7, 2026.

In 2021, Zhengzhou Real Estate Group Co., Ltd. issued bonds of RMB 500 million, referred to as 21 Zhengdi 04, with a face value of RMB 500 million and a coupon rate of 3.50%. The bond term is from August 9, 2021 to August 9, 2024.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengdi 05, with a face value of RMB 1 billion and a coupon rate of 3.97%. The bond term is from August 9, 2021 to August 9, 2024.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengdi 06, with a face value of RMB 1 billion and a coupon rate of 3.77%. The bond term is from November 16, 2021 to November 16, 2024.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 3 billion, referred to as 21 Zhengzhou Real Estate Bond 01, with a face value of RMB 3 billion and a coupon rate of 3.80%. The bond term is from June 23, 2021 to June 22, 2028.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengzhou Real Estate Bond 02, with a face value of RMB 1 billion and a coupon rate of 4.10%. The bond term is from June 23, 2021 to June 22, 2028.

In March 2022, Zhengzhou Urban Development Group Co., Ltd. issued a bond of RMB 1.2 billion, referred to as 22 Zhengzhou Real Estate MTN001, with a face value of RMB 1.2 billion and a coupon rate of 4.03%. The maturity of the bond is from March 18, 2022 to March 18, 2027.

In June 2022, Zhengzhou Urban Development Group Co., Ltd. issued a bond of RMB 500 million, referred to as 22 Zhengzhou Real Estate Bond 01, with a face value of RMB 500 million and a coupon rate of 3.57%. The maturity of the bond is from June 23, 2022 to June 23, 2037.

In September 2022, Zhengzhou Urban Development Group Co., Ltd. issued USD bonds of USD 2.484 billion, referred to as 22 Zhengzhou Real Estate USD Bonds, with a face value of USD 2.484 billion and a coupon rate of 5.10%. The maturity of the bonds is from September 13, 2022 to September 12, 2025.

In September 2022, Zhengzhou Urban Development Group Co., Ltd. issued a Free trade zone bond of RMB 1 billion, referred to as G22 Zhengzhou Real Estate 01, with a face value of RMB 1 billion and a coupon rate of 5.00%. The bond term is from September 21, 2022 to September 20, 2025.

In April 2023, Zhengzhou Urban Development Group Co., Ltd. issued a medium-term note of RMB 800 million, referred to as 23 Zhengzhou Chengfa MTN001, with a face value of RMB 800 million and a coupon rate of 3.47%. The bond period is from April 26, 2023 to April 26, 2026.

In July 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 500 million, referred to as 23 Zhengfa 01, with a face value of RMB 500 million and a coupon rate of 3.40%. The bond period is from July 7, 2023 to July 7, 2028.

In August 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 500 million, referred to as 23 Zhengfa 03, with a face value of RMB 500 million and a coupon rate of 3.05%. The bond period is from August 25, 2023 to August 25, 2026.

In November 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 200 million, referred to as 23 Zhengfa 05, with a face value of RMB 200 million and a coupon rate of 3.27%. The bond period is from November 2, 2023 to November 1, 2028.

In November 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 1 billion, referred to as 23 Zhengfa 06, with a face value of RMB 1 billion and a coupon rate of 3.57%. The bond period is from November 2, 2023 to November 1, 2028.

In December 2023, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 800 million, referred to as 23 Zhengfa 08, with a face value of RMB 800 million and a coupon rate of 3.38%. The bond period is from December 19, 2023 to December 18, 2028.

Note 2: In 2019, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 19 Urban Construction 01 and 19 Urban Construction 02 corporate bonds totaling RMB 1.5 billion with a term of 5 years. 19 Urban Construction 01 Bond is RMB 1 billion, with a coupon rate of 4.60%, and the interest is paid once a year. The maturity date is March 26, 2024. 19 Urban Construction 02 Bond is RMB 500 million, the coupon rate is 4.69%, the interest is paid once a year, and the maturity date is April 19, 2024. The company received the payment on March 26 and April 19, 2019, respectively.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issue USD 200 million of 20 US dollar bonds. The term is 5 years, the coupon rate is 3.80%, and the interest is paid semi-annually. The maturity date is January 16, 2025. The company received the payment on January 16, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. plans to issue 20 Urban Construction 01 bonds with a plan of RMB 500 million, with a term of 5 years and a coupon rate of 3.77%. Interest is paid once a year, and the maturity date is March 24, 2025; Received the payment on the March 26, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. plans to issue 20 Zhengzhou Urban Construction PPN001 bonds with a plan of RMB 500 million, with a term of 3 years and a coupon rate of 3.59%. Interest is paid once a year, and the maturity date is March 30, 2023; The payment was received on the March 30, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 20 Debt Financing Plan 1 Phase 2 bonds of RMB 230 million, with a term of 3 years, a coupon rate of 4.22%, and interest payments four times a year. The maturity date is March 31, 2023; The payment was received on August 31, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 20 Debt Financing Plan 2 Bonds with a plan of RMB 270 million, with a term of 3 years, a coupon rate of 5.20%, and interest payments four times a year. The maturity date is September 15, 2023; The payment was received on September 16, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 20 Debt Financing Plan 3 Bonds with a plan of RMB 230 million, with a term of 3 years, a coupon rate of 5.20%, and interest payments four times a year. The maturity date is September 18, 2023; The payment was received on September 18, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 20 Debt Financing Plan 4 Bonds of RMB 300 million, with a term of 3 years and a coupon rate of 4.25%. Interest is paid once a year, and the maturity date is September 29, 2023; The payment was received on September 29, 2009.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. will issue 21 Zhengjian 01 bonds of RMB 1 billion; the term is 3 years, the coupon rate is 4.34%, the interest is paid once a year, and the maturity date is March 30, 2024. The company received the payment on March 30, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 Zhengzhou Urban Construction MTN001 bonds of RMB 300 million; the term is 3 years, the coupon rate is 3.74%, the interest is paid once a year, and the maturity date is June 3, 2024. The company received the payment on June 3, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued the first phase of the 21 Debt Financing Plan of RMB 290 million; the term is 3 years, the coupon rate is 5.28%, the interest is paid once a year, and the maturity date is September 15, 2024. The company received the payment on September 15, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 Zhengjian 02 corporate bonds of RMB 500 million; the term is 5 years, the coupon rate is 3.78%, the interest is paid once a year, and the maturity date is November 1, 2026. The company received the payment on November 1, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 Zhengjian 03 corporate bonds of RMB 500 million; the term is 5 years, the coupon rate is 3.50%, and the interest is paid once a year. The maturity date is December 2, 2026. The company received the payment on December 3, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 debt financing plans of RMB 500 million; the term is 3 years, the coupon rate is 4.85%, the interest is paid once a year, and the maturity date is December 21, 2024. The company received the payment on December 22, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 3 phases of 21 debt financing plans of RMB 500 million; the term is 3 years, the coupon rate is 4.57%, and the interest is paid once a year, and the maturity date is December 23, 2024. The company received the payment on December 24, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 3 phases of 21 debt financing plan of RMB 500 million; the term is 3 years, the coupon rate is 4.57%, and the interest is paid once a year, and the maturity date is December 23, 2024. The company received the payment on December 24, 2021

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued a 22-year medium-term note of RMB 700 million. The maturity is 3 years, the coupon rate is 3.13%, the interest will be paid once a year, the maturity is January 27, 2025, the Company received the payment on January 27, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 debt financing plan of RMB 693 million in phase 1. The maturity is 3 years, the coupon rate is 5.12%, and the interest will be paid once a year. The maturity date is February 23, 2025, and the Company received the payment on February 23, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 debt financing plan of RMB 250 million in the second phase. The term is 2 years, the coupon rate is 5.50%, and interest is payable quarterly. The maturity date is January 17, 2024, and the Company received the payment on March 16, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 debt financing plan of RMB 307 million in phase 3. The maturity is 3 years and the coupon rate is 4.92%, payable quarterly. The maturity date is June 27, 2025, and the Company received the payment on June 27, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 Zhengjian 01 bonds worth RMB 1 billion. The maturity is 5 years, the coupon rate is 3.89%, and the interest will be paid once a year. The maturity date is June 29, 2027, and the Company received the payment on June 29, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 Zhengjian 02 bonds worth RMB 500 million. The maturity is 5 years, the coupon rate is 3.48%, and the interest will be paid once a year. The maturity date is August 27, 2027, and the Company received the payment on August 16, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued $350 million in 22 US Dollar Bonds. The maturity is 3 years, the coupon rate is 5.20%, and the interest will be paid once a year. The maturity date is August 30, 2025, and the Company received the payment on August 30, 2022.

In 2023, Zhengzhou Urban Construction Group Investment Co., Ltd. issued the first phase of 2023 medium-term notes of RMB 1 billion; the term is 3 years, the coupon rate is 3.54%, and the interest is paid once a year. The maturity date is March 22, 2026. The company received on the 22nd of March.

Note 3: In 2019, Zhengzhou Public Housing Construction Investment Co., Ltd. was approved by the National Development and Reform Commission on the issuance of corporate bonds by Henan Zhengzhou Public Housing Construction Investment Co., Ltd. (Fa Gai Enterprise Bond [2019] No. 115). RMB 700 million of corporate bonds are publicly issued to domestic institutional investors, with a coupon rate of 4.93%, and the bond interest period is from October 31, 2019 to October 30, 2026. This bond is a 7-year fixed-rate bond with simple interest paid annually. The current bond is set to repay the principal in advance, starting from the third year of the bond's duration, the principal of the bond will be repaid in the proportion of 20% of the total bond issuance, that is, RMB 140 million. The year-end balance of bond interest payable on December 31, 2023 was RMB 3,566,033.33.

In 2020, Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Notice of Acceptance for Filing" issued by Beijing Financial Assets Exchange Co., Ltd. on October 30, 2019 (Debt Financing Plan [2019] No. 0686). The amount of ZR001 of 20 Yu Public Housing for the record is RMB 600 million, and the record amount is valid for 2 years from the date of signing this notice. It will be underwritten by Shanghai Pudong Development Bank Co., Ltd. This year, RMB 400 million of directional debt financing instruments were issued, with a coupon rate of 5.66%. The interest-bearing period of the bonds is from July 14, 2020 to July 14, 2023, and the interest is paid annually.

In 2020, Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Notice of Acceptance for Recordation" (Debt Financing Plan [2020] No. 0886) issued by Beijing Financial Assets Exchange Co., Ltd. on August 18, 2020. The amount of ZR002 of 20 Yu Public Housing for the record is RMB 1,000,000,000, and the record amount is valid for two years from the date of signing this notice, and it will be underwritten by Zhengzhou Bank Co., Ltd. as the lead underwriter. This year, RMB 400 million of directional debt financing instruments were issued, with a coupon rate of 5.5%. The bond interest-bearing period is from August 28, 2020 to August 28, 2023, and interest is paid quarterly.

In 2021, Zhengzhou Public Housing Construction Investment Co., Ltd., in accordance with the "Notice of Acceptance for Recordation" issued by Beijing Financial Assets Exchange Co., Ltd. on August 18, 2020 (Debt Financing Plan [2020] No. 0886). The amount of ZR002 of 20 Yu Public Housing for the record is RMB 1,000,000,000, and the record amount is valid for two years from the date of signing this notice, and it will be underwritten by Bank of Zhengzhou Co., Ltd. as the lead underwriter. This year, RMB 120 million of directional debt financing instruments were issued, with a coupon rate of 5.5%. The bond interest period is from January 29, 2021 to January 29, 2024, and interest is paid quarterly.

In 2021, Zhengzhou Public Housing Construction Investment Co., Ltd. will follow the Reply of the National Development and Reform Commission on the Approval of the Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd. in Henan Province (Fa Gai Enterprise Bond [2019] No. 115). This year, RMB 600 million of corporate bonds were publicly issued to domestic institutional investors, with a coupon rate of 4.98%, and the bond interest period was from June 22, 2021 to June 21, 2028. The bond this year is a 7-year fixed-rate bond with simple interest paid annually. This year, the bonds have an early repayment clause. Starting from the third year of the bond's duration, the bond principal will be repaid in the proportion of 20% of the total bond issuance, that is, RMB 120 million. The year-end balance of bond interest payable on December 31, 2023 was RMB 15,936,000.00.

In 2021, Zhengzhou Public Housing Construction Investment Co., Ltd. will accept the Registration Notice issued by the National Association of Financial Market Institutional Investors on August 2, 2021 (Zhong Shi Xie Zhu [2021] No. PPN408). The registered amount of the Company's directional debt financing instrument is RMB 1 billion, and the registered amount is valid for two years from August 2, 2021. China Minsheng Bank Co., Ltd. is the lead underwriter. The first tranche of directional debt financing instruments of RMB 400 million was issued this year, with a coupon rate of 3.80%. The bond interest period is from September 8, 2021 to September 8, 2024. Simple interest is paid annually without compound interest. Interest is paid once a year, principal is repaid once at maturity, and the final interest is paid together with the principal payment. The year-end balance of bond interest payable on December 31, 2021 is RMB 4,855,555.56. The second tranche of directional debt financing instruments of RMB 470 million was issued, with a coupon rate of 3.89%, and the bond interest period is from September 16, 2021 to September 16, 2024. Simple interest is paid annually without compounding. The interest is paid once a year, the principal is repaid once at maturity, and the last interest is paid together with the repayment of the principal. The year-end balance of bond interest payable on December 31, 2023 was RMB5,309,583.56.

In 2022, Zhengzhou Public Housing Construction and Investment Co., Ltd. shall comply with the Notice of Record Acceptance (Debt Financing Plan [2020] No. 0145) issued by Beijing Financial Assets Exchange Co., Ltd. on March 05, 2020. The amount of the record for ZR001 of Henan public housing is RMB 80 million, and the record limit is valid for 2 years from the date of this notice, which is mainly underwritten by Huaxia Bank Co., Ltd. In 2022, RMB 300 million of targeted debt financing instruments will be issued with a coupon rate of 5.80%. The interest-bearing period of the bonds will be from January 28, 2022 to January 12, 2024, and interest will be paid quarterly. The year-end balance of bond interest payable on December 31, 2023 was RMB 3,050,958.90.

In 2022, Zhengzhou Public Housing Construction Investment Co., Ltd., according to Beijing Financial Assets Exchange Co., Ltd., May 13, 2022 Notice of Acceptance of the record (debt financing Plan [2022] No. 0278). The record amount is RMB 500,000,000.00 and the record amount is valid for 2 years from the date of payment of this notice, which is mainly underwritten by Ping An Bank Co., Ltd. The target debt financing instrument issued in 2022 is RMB 200 million, the record is 22 Yu public housing ZR002, the coupon rate is 4.17%, the bond interest period is from May 26, 2022 to May 26, 2025, quarterly interest, bond interest payable on December 31, 2022 year-end balance of RMB 799,726.03. In 2022, RMB 100 million of directional debt financing instrument is issued, with the record of 22 Yu public housing ZR003, the coupon rate is 4.17%, the bond interest period is from June 24, 2022 to June 24, 2025, and the interest is paid quarterly. The targeted debt financing instrument issued in 2022 is RMB 85 million, the record is 22

Yu public housing ZR004, the coupon rate is 5.12%, the bond interest period is from September 28, 2022 to September 6, 2023, and the interest is paid quarterly.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the registration of green debt financing instruments of RMB 1 billion, according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on September 24, 2021 (Zhongshi Xiezhu [2021] GN36). The registration limit is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. A targeted debt financing instrument of RMB 300 million was issued in March 2023. The bond abbreviation is: 23 Zhengzhou Public House GN001 Carbon Neutral Bond. The coupon rate is 4.00%. The bond interest period is from March 2, 2023 to March 2, 2026, interest is paid once a year and the principal is repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2023 was RMB 9,433,333.33.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's targeted debt financing instruments according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on December 29, 2022 (Zhongshi Xiezhu [2022] PPN582 No.) The registered amount is RMB 1.5 billion. The registration quota is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. A targeted debt financing instrument of RMB 350 million was issued in April 2023. The bond abbreviation is: 23 Zhengzhou Public House PPN001. The coupon rate is 3.80%. The interest period of the bond is from April 26, 2023 to April 26, 2026. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2023 was RMB 9,073,150.68.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Letter on No Objection to the Listing and Transfer of Non-Public Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd." issued by the Shanghai Stock Exchange on February 20, 2023 (Letter from the Shanghai Stock Exchange [2023] 425), clarifying that the total amount of the company's non-public issuance of corporate bonds shall not exceed 1 billion yuan, which shall be underwritten by Caida Securities Co., Ltd. and shall be issued within 12 months from the date of this letter. A corporate bond of RMB 400 million will be issued in June 2023. The bond abbreviation is: 23 Zhengzhu 01. The coupon rate is 3.60%. The bond interest period is from June 15, 2023 to June 15, 2028. Interest is paid once a year. The principal is repaid in one installment, and the year-end balance of bond interest payable on December 31, 2023 is RMB 7,850,958.91.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's targeted debt financing instruments according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on December 29, 2022 (Zhongshi Xiezhu [2022] PPN582 No.) The registered amount is RMB 1.5 billion. The registration quota is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. The second phase of targeted debt financing instruments of RMB 300 million will be issued in July 2023. The bond abbreviation is: 23 Zhengzhou Public House PPN002, the coupon rate is 3.80%, and the interest period of the bond is from July 10, 2023 to July 10, 2026. Interest is paid once a year and the principal is repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2023 was RMB 5,434,520.55.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's orientation according to the "Notice of Acceptance of Registration" (Zhongshi Xiezhu [2023] MTN [715] No.) issued by the National Association of Financial Market Institutional Investors on July 12, 2023. The registered amount of debt financing instruments is RMB 1.37 billion. The registered limit is valid for 2 years from the date of signing this notice. It is underwritten by Ping An Bank Co., Ltd. A targeted debt financing instrument of RMB 300 million will be issued in August 2023. The bond abbreviation is: 23 Zhengzhou Public House PPN002. The coupon rate is 3.45%. The interest accrual period of the bond is from August 8, 2023 to August 8, 2026. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2023 was RMB 4,197,500.00.

In 2023, Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Letter on No Objection to the Listing and Transfer of Non-Public Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd." issued by the Shanghai Stock Exchange on February 20, 2023 (Letter from the Shanghai Stock Exchange [2023] 425), clarifying that the total amount of the company's non-public issuance of corporate bonds shall not exceed RMB 1 billion, which shall be underwritten by Caida Securities Co., Ltd. and shall be issued within 12 months from the date of this letter. The second phase of corporate bonds of RMB 600 million will be issued in September 2023. The bond abbreviation is: 23 Zhengzhu 02. The coupon rate is 3.57%. The interest accrual period of the bond is from September 12, 2023 to September 12, 2028. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2023 is RMB 6,455,342.47.

(33) Long-term payables

Item	Closing balance	Closing balance of prior period
Long-term payables - financing leases	2,237,188,013.43	2,537,485,326.62
Long-term payables - special loans	12,720,000,000.00	7,000,000,000.00
Special payables	284,573,300.00	279,575,300.00
Total	15,241,761,313.43	9,817,060,626.62

Note 1: Everbright Financial Leasing Co., Ltd. (Party A) and Zhengzhou Public Housing Construction Investment Co., Ltd. (Party B) signed a financial lease contract No. 25-00008 of Everbright Financial Leasing (2106) Huizi No. 25-00008 on June 8, 2021. In the method of sale and leaseback, the leased property is ancillary facilities of the property owned by Party B, the lease principal is RMB 500 million,

the lease term is 3 years, a total of 6 periods, the annual interest rate is 5.6%, and the rent is paid every six months.

Note 2: China Foreign Trade Financial Leasing Co., Ltd. (Party A) and Zhengzhou Real Estate Group Co., Ltd. (Party B) signed a financial lease contract numbered ZMZ-2019-0043 on May 20, 2019. Using the method of sale and leaseback, the leased property is a swimming pool under construction in the Zhengzhou Olympic Center of Party B, with a lease principal of RMB 500 million, and a lease term of 5 years for a total of 10 periods.

Note 3: ICBC Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered 2020 ICBC Leasing Industrial Chuangzi No. 03 in 2020, with a total lease principal of RMB 990 million. The lease term is 10 years, with a total of 39 periods.

Note 4: Ping An International Financial Leasing (Tianjin) Co., Ltd. and Zhengzhou Shangdu Holding Group Co., Ltd. and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a sale and back lease contract numbered 2020PAZL (TJ) 0100753-ZL-01 on June, 2020. Using the method of sale and leaseback, a lease principal of RMB 210 million, and a lease term of 60 months for a total of 10 periods.

Note 5: Everbright Financial Leasing Co., Ltd., Zhengzhou Shangdu Holding Group Co., Ltd. and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered Everbright Financial Leasing (2106) Huizi 25-00007 in June 2021. The lease principal is RMB 700 million, and the lease term is 5 years, with a total of 10 periods.

Note 6: Henan Jiuding Financial Leasing Co., Ltd., Zhengzhou Shangdu Holding Group Co., Ltd. and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract No. 2021-E-3-002 in March 2021. The lease principal is RMB 300 million, and the lease term is 3 years, with a total of 12 periods.

Note 7: Bangyin Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed the financial leasing contract No. BYHZ20220051 on March 14, 2022. The contract adopts the sale-leaseback method, and the leased item is the attached facilities of the property owned by Party B. The lease principal is RMB 300 million, and the lease term is 5 years with 10 periods. The interest rate is 6.10% per annum and the rent is paid semi-annually.

Note 8: CCB Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into the finance lease contract No. 202106710010001557 on January 19, 2022, in the form of sale and leaseback. The lease item is the attached facility of the property owned by Party B, and the lease principal is RMB 20 million. The term of the lease is 6 years with 12 installments at an annual interest rate of 3.95%. The rent is paid every six months.

Note 9: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into a financial leasing contract numbered TPSH2022 (ZL) 030 on June 13, 2022. In the sale-leaseback mode, the leased property is the attached facilities of the property owned by Party B. The lease principal is RMB 200 million, the lease term is 8 years, a total of 16 periods, the annual interest rate is 5.2748%, the rent is paid every six months.

Note 10: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into a financial leasing contract numbered TPSH2022（ZL）059、TPSH2022（ZL）060 on September 14, 2022. In the sale-leaseback mode, the leased property is the attached facilities of the property owned by Party B. The lease principal is RMB 600 million, the lease term is 8 years, a total of 16 periods, the annual interest rate is 4.9983%, the rent is paid every six months.

Note 11: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered TPSH (2023) ZL018 on March 31, 2023, adopting a sale and leaseback method, and the leased property It is an ancillary facility of the property. The lease principal is RMB 300 million. The lease term is 5 years, with a total of 10 periods. The annual interest rate is 3.92%. The rent is paid every six months.

Note 12: Ping An International Financial Leasing (Tianjin) Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered 2023PAZL (TJ) 0101122-ZL-01 on December 19, 2023, using after-sales services In the leaseback method, the leased object is ancillary facilities of the property owned by Party B. The lease principal is RMB 200 million. The lease term is 3 years, with a total of 6 periods. The annual interest rate is 5.95%. The rent is paid every six months.

Note 13: Henan Jiuding Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered 2023-E-3-009 on April 7, 2023, using the sale and leaseback method. The leased property is ancillary facilities of the property owned by Party B. The lease principal is RMB 100 million. The lease term is 3 years, with a total of 12 periods. The annual interest rate is 7%. The rent is paid quarterly.

Note 14: Bangyin Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered BYHZ20230079 on August 23, 2023, using a sale and leaseback method, and the leased object is the property owned by Party B The ancillary facilities are leased with a principal amount of RMB 100 million, a lease term of 3 years, a total of 12 periods, an annual interest rate of 5.9%, and the rent is paid quarterly.

Note 15: The special loan refers to the special loan received by the Company from China Development Bank in 2022 for the project of guaranteed building, with a term from August 2022 to July 2026.

(34) Deferred Income

Item	Closing balance	Closing balance of prior period	Asset-related/income-related
Foxconn public rental housing project financial special subsidy	113,772,606.20	124,115,570.40	Asset- related
Zhengzhou Urban and Rural Development Bureau Xingze Garden Ultra-low Energy Consumption Award and Subsidy Fund	115,290,000.00	115,290,000.00	Asset- related
Zhengzhou Housing Security and Real Estate Administration Bureau of New Type Rental Housing Award Supplementary Fund	117,703,833.33	118,022,000.00	Asset- related
152PZDZX03 project	37,060.27	46,516.27	Asset- related
Zhongyuan District "Fourth Up" Unit Incentives	12,295.30	12,295.30	Income- related
Zhihui Zhengzhou. 1125 Jucai Project	87,845.00	537,845.00	Income- related
2021 Provincial Financial Special Awards and Subsidy Funds	1,000,000.00		Income- related
Housing Security Bureau Mall Jiayuan Award Subsidy Fund	8,090,000.00	8,090,000.00	Income- related
Erqi District Oma Square special award fund	40,843,117.10	77,617,433.33	Asset- related
Special award and subsidy fund of Zhengmi Road, Huanggang Temple, Erqi District	32,578,057.63	74,443,633.33	Asset- related
Special award and subsidy fund of Maozhuang No. 4 Hospital of Huiji District	58,584,874.96	101,224,933.33	Asset- related
Special award and subsidy funds for Xingrenju No.4 Courtyard, Shilihe, Guancheng District	15,984,063.08	30,511,533.33	Asset- related
Jinshui District Kangqiao Platinum House special award fund	17,388,974.37	26,872,833.33	Asset- related
Special award and subsidy fund for the fifth phase of Zhengdi Beauty East View Project in Zhengdong New District	22,770,605.44	28,369,633.33	Asset- related

Item	Closing balance	Closing balance of prior period	Asset-related/income-related
Buildings 5#, 6#, and 8# of Zhonghai Yiran Garden Project	9,440,000.00		Asset- related
affordable housing project	258,666,666.67		Asset- related
Total	812,249,999.35	705,154,226.95	

(35) Other non-current liabilities

Item	Closing balance	Closing balance of prior period
Amount of output tax to be transferred	593,482,201.92	585,558,712.02
Total	593,482,201.92	585,558,712.02

(36) Paid-in capital

Investor	Closing balance of prior period		Increase in current period	Decrease in current period	Closing balance	
	Invest amount	Proportion (%)			Invest amount	Proportion (%)
Zhengzhou State-owned Assets Supervision and Administration Commission	2,000,000,000.00	100.00			2,000,000,000.00	100.00
Total	2,000,000,000.00	100.00			2,000,000,000.00	100.00

(37) Capital reserves

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Capital Premium	30,540,000.00			30,540,000.00
Other capital reserves	53,696,592,054.77		46,329,327.37	53,650,262,727.40
Total	53,727,132,054.77		46,329,327.37	53,680,802,727.40

Note 1: In 2023, the Company's subsidiary Zhengzhou Urban Construction Group Investment Co., Ltd.'s former subsidiaries Zhengzhou Yellow River Hotel and Zhengzhou Songshan Hotel will no longer be included in the scope of consolidation, resulting in a decrease in capital reserves of RMB 46,329,327.37.

(38) Other comprehensive income

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Other comprehensive income	168,168,011.34		634,939.40	167,533,071.94
Total	168,168,011.34		634,939.40	167,533,071.94

(39) Surplus reserve

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	366,561,133.91			366,561,133.91
Discretionary surplus reserve				
Total	366,561,133.91			366,561,133.91

(40) Undistributed profits

Items	Closing balance	Closing balance of prior period
Before adjustment: undistributed profits of the prior period	4,197,278,438.04	3,940,586,377.91
Adjustment: Total undistributed profits at the beginning of the reporting period (increase "+", decrease "-")	12,468,893.03	12,735,745.87
After adjustment: undistributed profits at the beginning of the reporting period	4,209,747,331.07	3,953,322,123.78
Increase in current period	285,455,681.71	309,360,607.29
Including: The current net profit transfer-in	285,455,681.71	309,360,607.29
Other adjustment factors		
Current reduction	135,058,900.00	52,935,400.00
Including: current period transfer to surplus reserves		
Current period transfer to general risk reserve		
Cash dividends distributed in the current period	135,058,900.00	52,935,400.00
Transfer to capital		
Other reduction		
Undistributed profits at the end of the reporting period	4,360,144,112.78	4,209,747,331.07

(41) Operating revenue and cost of sales

Item	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	8,776,892,526.90	7,611,050,280.84	8,590,158,266.23	7,491,953,802.86
Land consolidation and related	4,260,483,663.10	4,038,394,176.71	2,318,795,292.63	2,148,997,852.18
Infrastructure construction	1,802,711,181.50	1,777,271,047.41	1,155,545,151.57	1,085,183,308.78
Assets operating	205,812,348.14	144,442,582.50	81,702,919.65	78,445,087.10
Real estate sales	790,654,131.11	444,086,697.61	728,402,052.61	394,428,146.63
Placement house sales	1,109,348,848.65	1,039,062,972.78	3,981,553,972.36	3,725,024,705.97
Management consulting	101,967,534.01	50,800.00	44,275,499.62	300,000.00
Industrial park operation	175,057,789.74	125,288,730.33		
Hotel management			63,143,289.60	24,921,805.16
Trade	4,787,185.82	3,766,819.17	757,032.31	447,900.95

Item	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Housing rental and management	283,527,554.48	34,196,595.11	171,999,339.13	30,183,355.60
Merchandising	4,306,287.46	3,987,342.30	1,978,576.17	1,585,194.16
Surveying and mapping fees	31,633,975.62		29,398,056.14	
Other	6,602,027.27	502,516.92	12,607,084.44	2,436,446.33
2. Other business subtotal	634,693,131.31	492,856,368.13	401,133,476.54	150,873,284.68
Capital occupation fee	559,012,933.71	426,901,027.23	340,912,527.84	103,281,108.83
Property service	43,824,598.09	40,630,016.33	42,249,449.06	36,400,183.15
Others	31,855,599.51	25,325,324.57	17,971,499.64	11,191,992.70
Total	9,411,585,658.21	8,103,906,648.97	8,991,291,742.77	7,642,827,087.54

(42) Taxes and surcharges

Item	The amount incurred in the current period	The amount incurred in the prior period
City maintenance and construction tax	8,554,868.94	11,469,559.89
Educational surcharge	2,713,843.97	4,571,689.65
Local educational surcharge	1,809,229.27	3,071,793.64
Land value added tax	44,112,811.42	80,928,939.88
House property tax	86,407,371.87	79,638,216.84
Land use tax	9,277,333.55	9,709,061.46
Stamp tax	13,083,138.96	6,504,214.79
Vehicle and vessel usage tax	51,513.20	4,311,268.99
Environment protecting tax		4,710.40
Total	166,010,111.18	200,209,455.54

(43) Selling expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Selling expenses	77,705,348.55	94,345,273.09
Total	77,705,348.55	94,345,273.09

(44) General and administrative expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
General and administrative expenses	343,557,860.70	374,412,044.38
Total	343,557,860.70	374,412,044.38

(45) Research and development expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Research and development expenses	7,847,901.97	5,344,248.77
Total	7,847,901.97	5,344,248.77

(46) Financial expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Financial expenses		
Including: Interest expenses	1,428,542,112.76	1,108,597,605.27
Less: Interest income	602,177,189.26	724,292,527.77
Less: Exchange income	-109,404,009.06	-166,206,461.94
Charges and others	27,944,645.66	87,884,002.87
Others	7,273,066.37	3,540,433.64
Total	970,986,644.59	641,935,975.95

(47) Other income

Item	The amount incurred in the current period	The amount incurred in the prior period
Government grants assets-related	349,741,771.60	135,242,964.22
Individual tax refunds	523,841.46	211,826.45
Job stabilization subsidy	480,521.54	575,804.02
Unemployment benefits	376,552.79	
VAT plus deduction	84,750.87	197,245.66
Others	362.18	2,562,026.97
Total	351,207,800.44	138,789,867.32

(48) Investment income

Item	The amount incurred in the current period	The amount incurred in the prior period
Income from long-term equity investments under equity method	23,409,876.37	30,902,108.29
Investment income on disposal of long-term equity investments		
Investment income from holding financial assets at FVTPL	10,966,600.00	13,619,666.00
Dividend income from holding investments in other equity instruments		
Investment income from disposal of financial assets at FVTPL		
Investment income from holding held-for-trading financial assets		1,944,813.59
Interest income from holding other debt investments		

Item	The amount incurred in the current period	The amount incurred in the prior period
Others	9,497,527.09	738,297.88
Total	43,874,003.46	47,204,885.76

(49) Gains from changes in fair value

Source resulting in gains from changes in fair values	The amount incurred in the current period	The amount incurred in the prior period
Financial assets at FVTPL		
Including: Gains from changes in fair values arising from derivatives		
Financial liabilities at FVTPL		
Including: Gains from changes in fair values arising from derivatives		
Investment properties carried at fair value	555,445,134.66	446,037,946.39
Others		
Total	555,445,134.66	446,037,946.39

(50) Credit impairment losses

Item	The amount incurred in the current period	The amount incurred in the prior period
Bad debt provision	-138,525,383.62	-61,569,135.73
Impairment on debt investments		
Impairment on long-term equity investment		
Others	-1,716,980.38	
Total	-140,242,364.00	-61,569,135.73

(51) Asset impairment losses

Item	The amount incurred in the current period	The amount incurred in the prior period
Impairment losses on contract assets	-323,776.35	
Impairment losses on fixed assets		
Impairment losses on other non-current assets	-4,541,717.35	
Others		
Total	-4,865,493.70	

(52) Gains from disposal of assets

Item	The amount incurred in the current period	The amount incurred in the prior period
Disposal of fixed assets gains	12,644.65	18,749.41

Item	The amount incurred in the current period	The amount incurred in the prior period
Disposal of intangible assets gains		
Total	12,644.65	18,749.41

(53) Non-operating income

Item	The amount incurred in the current period	The amount incurred in the prior period
Total gains on disposal of non-current assets	38,918.81	1,940.53
Including: Gains on disposal of fixed assets	38,918.81	1,940.53
Gains on disposal of intangible assets		
Gains on exchange of non-monetary assets		
Government grants	2,145,456.00	4,113,679.53
Insurance compensation, liquidated damages	2,767,741.14	960,598.22
Others	3,419,641.81	26,261,300.90
Total	8,371,757.76	31,337,519.18

(54) Non-operating expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Total losses on disposal of non-current assets	2,009.59	42,222.17
Including: Losses on disposal of fixed assets	2,009.59	42,222.17
Losses on disposal of intangible assets		
Payment no longer need to pay		
Losses on debt restructuring		
Donations to third parties	1,144,082.43	523,270.89
Compensation, fine	359,915.59	584,635.06
Others	1,082,278.51	1,606,276.30
Total	2,588,286.12	2,756,404.42

(55) Income tax expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Current income tax calculated in accordance with taxation laws and related regulations	115,860,918.13	144,006,758.09
Deferred income tax	117,064,179.86	129,113,220.72
Total	232,925,097.99	273,119,978.81

(56) Consolidated cash flow statement

(a) Items of the cash flow statement

(1) Cash received relating to other operating activities:

Item	The amount incurred in the current period	The amount incurred in the prior period
Withdraw current payment	1,657,415,855.94	2,755,557,923.64
Withdrawal of deposit	1,524,091,394.00	76,259,920.14
Bank deposit interest and other	104,838,016.07	133,793,418.82
Subsidy income	85,456,606.89	469,348,583.13
Others	3,246,092.07	3,353,933.40
Total	3,375,047,964.97	3,438,313,779.13

(2) Cash paid relating to other operating activities:

Item	The amount incurred in the current period	The amount incurred in the prior period
Payment of current payment	7,033,042,578.71	8,223,198,552.46
Payment of deposit	108,184,981.34	55,085,745.90
Daily operating expenses	118,261,754.59	247,880,602.23
Others	6,839,020.79	10,338,335.64
Total	7,266,328,335.43	8,536,503,236.23

(b) Supplementary information to the cash flow statement

Supplementary information	The amount incurred in the current period	The amount incurred in the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	319,861,241.41	358,161,106.60
Add: Credit impairment losses	140,242,364.00	61,569,135.73
Asset impairment losses	4,865,493.70	
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, etc.	35,797,918.42	45,494,823.84
Amortization of intangible assets	6,091,188.49	21,900,154.98
Amortization of long-term prepaid expenses	6,732,733.12	10,473,052.91
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	-12,644.65	-18,749.41
Losses on retirement of fixed assets (gains are indicated by "—")	-36,909.22	40,281.64
Losses on changes in fair value (gains are indicated by "—")	-555,445,134.66	-446,037,946.39
Financial expenses (income is indicated by "—")	1,428,542,112.76	1,108,597,605.27

Supplementary information	The amount incurred in the current period	The amount incurred in the prior period
Losses arising from investments (gains are indicated by "—")	-43,874,003.46	-47,204,885.76
Decrease in deferred tax assets (increase is indicated by "—")	-31,297,972.76	-5,365,780.70
Increase in deferred tax liabilities (decrease is indicated by "—")	160,800,331.22	159,692,707.58
Decrease in inventories (increase is listed with "-")	-466,234,807.92	4,738,727,362.31
Decrease in receivables from operating activities (increase is indicated by "—")	-3,129,394,378.16	-8,453,539,835.13
Increase in payables from operating activities (decrease is indicated by "—")	1,088,598,626.51	-6,794,714,931.55
Other		
Net cash flow from operating activities	-1,034,763,841.20	-9,242,225,898.08
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes of cash and cash equivalents:		
Closing balance of cash	9,570,517,404.10	11,050,738,957.21
Less: Opening balance of cash	11,050,738,957.21	11,547,462,955.23
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,480,221,553.11	-496,723,998.02

(c) Composition of cash and cash equivalents

Item	Closing balance	Closing balance of prior period
1. Cash		
Including: cash on hand	132,213.94	80,647.31
Bank deposits	9,568,489,738.16	11,047,182,664.01
Other monetary funds	1,895,452.00	3,475,645.89
Deposits with the central bank		
Deposits with other banks		
2.Cash equivalents		
Including: Investments in debt securities due within three months		
3. Closing balance of cash and cash equivalents	9,570,517,404.10	11,050,738,957.21
Including: Restricted Cash and cash equivalents of the Company and subsidiaries within the Group		

Note: The difference between cash and cash equivalents and monetary funds at the end of the period was RMB 124,581,854.48, mainly including mortgage loan deposits with long term and low liquidity, time deposit certificates, bank acceptance bill deposits, guarantee deposits, etc.

(57) Assets with restricted ownership or right-of-use

Item	Closing balance	Reasons of restricted
Cash and cash equivalents	5,925,065.20	Deposit
Other monetary funds	110,167,664.29	Bank acceptance note deposit
Other monetary funds	5,687,500.00	Guaranteed deposit
Other monetary funds	2,801,624.99	Mortgage deposit
Long-term equity investments	280,412,082.99	Equity pledge
Inventories	884,342,276.94	Secured loan
Investment properties	424,989,773.00	Secured loan
Total	1,714,325,987.41	

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(a) The relevant information of the parent company of the Company is disclosed as follows:

Parent Company	Place of registration	Relationship	Economic type or nature	Shareholding ratio of parent company to the company (%)	Proportion of voting rights of parent company to the company (%)
Zhengzhou State-owned Assets Supervision and Administration Commission	No. 1 Songshan Road, Zhengzhou, Henan Province	Controlling shareholder	Institutional legal entity	100.00	100.00

(b) Other related party trading units

Name	Relationship with the company	Shareholding ratio of company to the company (%)	The proportion of voting rights of the company to the company (%)
Henan Guochuang Culture Development Co., Ltd.	Shareholding company	49.00	49.00
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Shareholding company	30.00	30.00
Henan New Gaodi Holdings Limited	Shareholding company	49.00	49.00
Zhengzhou Ersha Culture Development Co., Ltd.	Shareholding company	22.00	22.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Shareholding company	35.00	35.00
Zhengzhou Zhengdihe New Urban	Shareholding company	40.00	40.00

Name	Relationship with the company	Shareholding ratio of company to the company (%)	The proportion of voting rights of the company to the company (%)
Construction Co., Ltd.			
Henan Dongwang Real Estate Co., Ltd.	Shareholding company	51.00	51.00
Henan Yanhu Real Estate Development Co., Ltd.	Shareholding company	31.01	31.01
Henan Zhengdi Runxin Industrial Co., Ltd.	Shareholding company	40.00	40.00
Henan Zhengdi Lanlv New Urbanization Construction Co., Ltd.	Shareholding company	40.00	40.00
Henan Runmu Real Estate Co., Ltd.	Shareholding company	10.00	10.00
Henan Huiying Real Estate Co., Ltd.	Shareholding company	4.00	4.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Shareholding company	30.00	30.00
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Shareholding company	20.00	20.00
Tianjin Guangkong City Development Investment Management Partnership	Shareholding company	49.00	49.00
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Shareholding company	50.00	50.00
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	Shareholding company	21.30	21.30
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Shareholding company	40.00	40.00
Zhengzhou Jindai Construction Investment Co., Ltd.	Shareholders of the controlling subsidiary of the company		
China Power Construction Road and Bridge Group Co., Ltd.	Shareholders of the controlling subsidiary of the company		

(c) Major related party transactions

Related party	Related party transaction type	Related party transactions	The amount incurred in the current period		The amount incurred in the prior period	
			Amount	Proportion (%)	Amount	Proportion (%)
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Asset operation service	Property management service	5,785,539.63	1.65	5,805,000.00	2.05

Related party	Related party transaction type	Related party transactions	The amount incurred in the current period		The amount incurred in the prior period	
			Amount	Proportion (%)	Amount	Proportion (%)
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Money lending	Receiving borrowing Interest	21,948,782.88	6.25	14,701,519.91	5.19
Henan Guochuang Culture Development Co., Ltd.	Money lending	Receiving borrowing Interest	32,774,258.79	9.34	29,725,418.38	10.50
Henan Zhengdi Runxin Industrial Co., Ltd.	Money lending	Receiving borrowing Interest			549,669.81	0.19
Henan Dongwang Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	37,615,870.41	10.72	27,863,469.60	9.84
Henan Runmu Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	17,768,363.92	5.06	36,655,156.43	12.95
Henan Huiying Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	48,021,750.51	13.68	58,996,344.32	20.84
Henan Yanhu Real Estate Development Co., Ltd.	Money lending	Receiving borrowing Interest	90,141,745.28	25.68	67,553,302.02	23.86
Zhengzhou Jindai Construction Investment Co., Ltd.	Money lending	Receiving borrowing Interest	52,374,961.66	14.92	17,151,326.73	6.06
Zhengzhou Ersha Culture Development Co., Ltd.	Money lending	Receiving borrowing Interest	1,138,551.88	0.32	530,801.89	0.19
China Power Construction Road and Bridge Group Co., Ltd.	Labor service	Service fee	3,773,584.80	1.08	23,584,905.00	8.33
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Consulting services	Consulting fees	400,000.00	0.11		
China Power Construction	Operation and maintenance	Operation and	39,248,675.49	11.19		

Related party	Related party transaction type	Related party transactions	The amount incurred in the current period		The amount incurred in the prior period	
			Amount	Proportion (%)	Amount	Proportion (%)
(Zhengzhou) Urban Construction Investment Management Co., Ltd.	services	maintenance costs				
Total			350,992,085.25	100.00	283,116,914.09	100.00

Note: For subsidiaries that have a controlling relationship and have been included in the scope of the Company's consolidated financial statements, their mutual transactions and transactions between parent and subsidiary companies have been eliminated.

(d) Major receivables and payables of related parties

Related party	Account	Closing balance	Closing balance of prior period
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Accounts receivable	2,482,272.00	3,510,000.00
Zhengzhou Jindai Construction Investment Co., Ltd.	Accounts receivable		69,509.39
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Accounts receivable	424,000.00	
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Accounts receivable	42,664,549.33	
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Accounts receivable	42,406.00	
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Interest receivables		294,444.45
Zhengzhou State Asset Management Commission	Other receivables	200,000,000.00	200,000,000.00
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Other receivables		1,000,000.00
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Other receivables		46,699.36
Henan Dongwang Real Estate Co., Ltd.	Other receivables	613,139,610.49	99,339,264.16
Henan Zhengdi Lanlv New Urbanization Construction Co., Ltd.	Other receivables	42,259,101.21	32,659,101.21
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Other receivables	16,442.95	5,942.95
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Other receivables		474,898.52
Henan Yanhu Real Estate Development Co., Ltd.	Other receivables	972,429,250.00	

Related party	Account	Closing balance	Closing balance of prior period
Henan Dongwang Real Estate Co., Ltd.	Other current assets		228,717,518.19
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Other current assets	168,569,277.40	239,944,305.56
Zhengzhou Ersha Culture Development Co., Ltd.	Other current assets	15,401,797.79	9,150,350.00
Henan Guochuang Cultural Development Co., Ltd.	Other current assets	404,585,560.11	428,749,836.35
Henan Yanhu Real Estate Development Co., Ltd.	Other current assets		876,879,000.01
Henan Huiying Real Estate Co., Ltd.	Other current assets	543,125,164.50	518,000,000.00
Henan Runmu Real Estate Co., Ltd.	Other current assets	434,274,564.70	415,874,808.22
Henan Zhengdi Runxin Industrial Co., Ltd.	Other current assets	149,307,041.10	127,271,477.98
Zhengzhou Jindai Construction Investment Co., Ltd.	Long-term receivables	2,175,034,000.00	1,254,000,000.00
Total		5,763,755,037.58	4,435,987,156.35
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Accounts payable	1,777,165.34	787,195.95
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Accounts payable	1,016,630.89	
Henan Yanhu Real Estate Development Co., Ltd.	Receipts in advance	6,129,500.00	6,129,500.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Other payables	120,337.52	
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Other payables	1,015,641.48	828,047.41
Henan Dongwang Real Estate Co., Ltd.	Other payables	7,285,243.00	8,896,901.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Other payables	40,154.96	
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Other payables	3,183,102.10	
Total		20,567,775.29	16,641,644.36

X. CONTINGENT EVENT

As at December 31, 2023, the Company had no other contingent events.

XI. SUBSEQUENT EVENTS

As of December 31, 2023, the Company had no events after the balance sheet date.

XII. NOTES TO MAJOR ACCOUNT OF THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

(a) Disclosed by Aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	379,587,364.00	2,910,522.00
1 to 2 years	2,910,522.00	710,511.12
2 to 3 years	710,511.12	
3 to 4 years		343,318.23
4 to 5 years	343,318.23	610,959,700.00
More than 5 years	681,848,000.00	70,888,300.00
Subtotal	1,065,399,715.35	685,812,351.35
Less: Provision for bad debts	383,884.97	
Total	1,065,015,830.38	685,812,351.35

(b) Accounts receivable are listed by type as follows

Category	Closing balance			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	1,065,399,715.35	100.00	383,884.97	0.04
Including: Aging combination	209,864.00	0.02	2,098.64	1.00
Low risk combination	1,065,189,851.35	99.98	381,786.33	0.04
Total	1,065,399,715.35	100.00	383,884.97	0.04

(Continued)

Category	Closing balance of prior period			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	685,812,351.35	100.00		
Including: Aging combination				
Low risk combination	685,812,351.35	100.00		
Total	685,812,351.35	100.00		

(c) Accounts receivable for bad debt provision by group

(i) In the combination, accounts receivable using aging combination

Aging	Closing balance

	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year	209,864.00	100.00	2,098.64
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years			
Total	209,864.00	100.00	2,098.64

(ii) Accounts receivable with bad debt provisions using low risk combination

Combination name	Closing balance			Closing balance of prior period		
	Book balance	Proportion (%)	Provisions	Book balance	Proportion (%)	Provisions
Related parties combination	683,403,522.00			683,403,522.00		
Government combinations	381,786,329.35	0.10	381,786.33	2,408,829.35		
Total	1,065,189,851.35	0.10	381,786.33	685,812,351.35		

(d) Top five accounts receivable based on debtor

Entity	Closing balance	Proportion to the total amount of accounts receivable at the end of the period (%)
Zhengzhou Xiliuhu Holdings Co., Ltd.	681,848,000.00	64.00
Zhengzhou Key Project Construction Center	379,377,500.00	35.61
Henan Yatong Real Estate Co., Ltd	1,555,522.00	0.15
Zhengzhou Guancheng Hui District Housing Acquisition and Compensation Office	1,355,000.00	0.13
Zhengzhou Affordable Housing Center	1,053,829.35	0.10
Total	1,065,189,851.35	99.99

(2) Other receivables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest receivable		
Dividends receivable	15,447,600.00	15,447,600.00
Other receivables	12,192,528,556.38	11,937,401,019.10
Total	12,207,976,156.38	11,952,848,619.10

(b) Dividend receivables

Item	Closing balance	Closing balance of prior period
Henan Donglong Holding Co., Ltd.	15,447,600.00	15,447,600.00
Total	15,447,600.00	15,447,600.00

(c) Other receivables

(1) Disclosure by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	6,042,778,804.15	2,993,517,893.59
1 to 2 years	2,407,981,776.63	2,925,380,452.43
2 to 3 years	2,060,537,032.12	2,949,296,465.86
3 to 4 years	1,452,798,336.54	502,902,874.59
4 to 5 years	167,839,309.77	350,560,000.00
More than 5 years	92,144,640.62	2,227,785,369.62
Subtotal	12,224,079,899.83	11,949,443,056.09
Less: Provision for bad debts	31,551,343.45	12,042,036.99
Total	12,192,528,556.38	11,937,401,019.10

(2) Details of classification by nature

Nature	Closing balance	Closing balance of prior period
Related party current payments	12,015,141,197.78	11,780,709,674.78
Company current payments	123,936,902.05	166,224,862.67
Deposits, Reserve fund and others	85,001,800.00	2,508,518.64
Subtotal	12,224,079,899.83	11,949,443,056.09
Less: Provision for bad debts	31,551,343.45	12,042,036.99
Total	12,192,528,556.38	11,937,401,019.10

(3) Provision for bad debts

Types	Closing balance of prior period	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Elimination or write-off	
Stage I	12,042,036.99	19,509,306.46			31,551,343.45
Stage II					
Stage III					
Total	12,042,036.99	19,509,306.46			31,551,343.45

(4) Top five other receivables based on debtors

Entity	Closing balance	Aging	Nature of money
Zhengzhou Xiliuhu Holdings Co., Ltd.	4,100,586,006.26	Within 1 year and 1 to 5 years	Current payment

Entity	Closing balance	Aging	Nature of money
Zhengzhou Healthy City Development Co., Ltd.	3,755,418,402.17	Within 1 year and 1 to 4 years	Current payment
Zhengzhou Shangdu Holding Group Co., Ltd.	1,687,957,352.10	Within 1 year and 1 to 4 years	Current payment
Zhengzhou Real Estate Group Investment Management Co., Ltd.	588,163,861.11	Within 1 year and 1 to 4 years	Current payment
Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	543,036,361.10	Within 1 year and 1 to 4 years	Current payment
Total	10,675,161,982.74		

(5) There were no other receivables actually written off during the reporting period.

(6) There are no other receivables related to government grants during the reporting period.

(7) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(8) During the reporting period, there is no amount of assets and liabilities formed by transferring other receivables and continuing to be involved.

(3) Long-term equity investments

(a) Long-term equity investment classification

Items	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries	29,757,152,207.15	2,767,812,448.00		32,524,964,655.15
Investment in joint ventures and associates	1,285,496,768.68	70,000,000.00	9,191,017.67	1,346,305,751.01
Subtotal	31,042,648,975.83	2,837,812,448.00	9,191,017.67	33,871,270,406.16
Less: Long-term equity investment impairment provision				
Total	31,042,648,975.83	2,837,812,448.00	9,191,017.67	33,871,270,406.16

(b) Details of long-term equity investment

Investee	Accounting Method	Cost of investment	Closing balance of prior period
1. Subsidiaries		32,524,964,655.15	29,757,152,207.15
Henan Datong Investment Co., Ltd.	Cost method	25,500,000.00	25,500,000.00
Zhengzhou Shangdu Holding Group Co., Ltd.	Cost method	1,325,000,000.00	1,325,000,000.00
Zhengzhou Xiliuhu Holdings Co., Ltd.	Cost method	424,099,350.00	424,099,350.00
Zhengzhou Real Estate Group Urban Development Co., Ltd.	Cost method	740,000,000.00	740,000,000.00
Zhengzhou Real Estate Group Investment Management Co., Ltd.	Cost method	300,000,000.00	300,000,000.00
Zhengzhou Urban Construction Group Investment Co., Ltd.	Cost method	11,473,789,503.21	11,473,789,503.21
Zhengzhou Public Housing Construction Investment Co., Ltd.	Cost method	1,770,350,925.03	1,770,350,925.03

Investee	Accounting Method	Cost of investment	Closing balance of prior period
Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Cost method	1,000,000,000.00	1,000,000,000.00
Henan Zhengdi Xincheng Construction Industry Development Co., Ltd.	Cost method	890,000,000.00	890,000,000.00
Henan Zhengdi Ecological Development Co., Ltd.	Cost method	100,000,000.00	100,000,000.00
Henan Zhengdi Olympic Sports Center Management Co., Ltd.	Cost method	108,000,000.00	106,000,000.00
Zhengzhou Shangdu Commercial Development Co., Ltd.	Cost method	1,103,173,418.02	557,014,409.00
Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Cost method	55,114,177.72	55,114,177.72
Henan Zhengdi Chancheng Integration Construction Development Co., Ltd.	Cost method	200,000,000.00	200,000,000.00
Henan Zhengdi Housing Leasing Co., Ltd.	Cost method	12,307,697,300.00	10,283,697,300.00
Henan Zhengdi Science Innovation Industry Development Co., Ltd	Cost method	150,000,000.00	150,000,000.00
Zhengzhou Xiesheng Real Estate Co., Ltd	Cost method	346,575,291.00	346,575,291.00
Zhengzhou Zhengdi Kangping Industrial Co., Ltd	Cost method	10,011,251.19	10,011,251.19
Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.	Cost method	195,653,438.98	
2. Joint ventures and associates		801,853,000.00	1,285,496,768.68
Henan Zhonglianchuang Real Estate Development Co., Ltd	Equity method	30,000,000.00	683,194,946.37
Henan Xingaodi Holdings Limited	Equity method	24,500,000.00	37,048,028.20
Henan Guochuang Culture Development Co., Ltd.	Equity method	147,000,000.00	2,848,721.01
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Equity method	245,853,000.00	280,161,396.13
Henan Chengtou Ecological Environment Management Co., Ltd.	Equity method	332,500,000.00	263,683,817.54
Zhengzhou Ersha Culture Development Co., Ltd.	Equity method	22,000,000.00	18,559,859.43
Total		33,326,817,655.15	31,042,648,975.83

(Continued)

Investee	Changes in the current year	Closing balance	Proportion of shareholding (%)	Proportion of voting rights (%)
1. Subsidiaries	2,767,812,448.00	32,524,964,655.15		
Henan Datong Investment Co., Ltd.		25,500,000.00	51.00	51.00
Zhengzhou Shangdu Holding Group Co., Ltd.		1,325,000,000.00	77.94	77.94
Zhengzhou Xiliuhu Holdings Co., Ltd.		424,099,350.00	100.00	100.00
Zhengzhou Real Estate Group Urban Development Co., Ltd.		740,000,000.00	100.00	100.00
Zhengzhou Real Estate Group Investment Management Co., Ltd.		300,000,000.00	100.00	100.00
Zhengzhou Urban Construction Group Investment Co., Ltd.		11,473,789,503.21	100.00	100.00
Zhengzhou Public Housing Construction Investment Co., Ltd.		1,770,350,925.03	100.00	100.00

Investee	Changes in the current year	Closing balance	Proportion of shareholding (%)	Proportion of voting rights (%)
Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.		1,000,000,000.00	100.00	100.00
Henan Zhengdi Xincheng Construction Industry Development Co., Ltd.		890,000,000.00	100.00	100.00
Henan Zhengdi Ecological Development Co., Ltd.		100,000,000.00	100.00	100.00
Henan Zhengdi Olympic Sports Center Management Co., Ltd.	2,000,000.00	108,000,000.00	100.00	100.00
Zhengzhou Shangdu Commercial Development Co., Ltd.	546,159,009.02	1,103,173,418.02	100.00	100.00
Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.		55,114,177.72	90.00	90.00
Henan Zhengdi Chancheng Integration Construction Development Co., Ltd.		200,000,000.00	60.00	60.00
Henan Zhengdi Housing Leasing Co., Ltd.	2,024,000,000.00	12,307,697,300.00	100.00	100.00
Henan Zhengdi Science Innovation Industry Development Co., Ltd		150,000,000.00	100.00	100.00
Zhengzhou Xiesheng Real Estate Co., Ltd		346,575,291.00	100.00	100.00
Zhengzhou Zhengdi Kangping Industrial Co., Ltd		10,011,251.19	100.00	100.00
Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.	195,653,438.98	195,653,438.98	100.00	100.00
2. Joint ventures and associates	60,808,982.33	1,346,305,751.01		
Henan Zhonglianchuang Real Estate Development Co., Ltd	-38,918,928.88	644,276,017.49	30.00	30.00
Henan Xingaodi Holdings Limited	2,933,264.47	39,981,292.67	49.00	49.00
Henan Guochuang Culture Development Co., Ltd.	-2,848,721.01		49.00	49.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	21,789,834.15	301,951,230.28	35.00	35.00
Henan Chengtou Ecological Environment Management Co., Ltd.	78,079,027.42	341,762,844.96	23.80	23.80
Zhengzhou Ersha Culture Development Co., Ltd.	-225,493.82	18,334,365.61	22.00	22.00
Total	2,828,621,430.33	33,871,270,406.16		

(4) Operating revenue and cost of sales

Items	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	1,127,877,191.67	1,052,452,953.09	523,211,337.58	404,665,898.92
Assets operating	64,589,517.22	20,964,082.91	36,905,232.84	30,835,101.06
Infrastructure construction	1,036,103,294.96	1,024,765,353.91		
Resettlement housing agency construction			445,455,420.59	365,827,029.46
Property sales	6,429,662.85	6,723,516.27	5,945,024.75	8,003,768.40

Items	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Management Consulting	20,754,716.64		34,905,659.40	
2. Other business subtotal	697,727,542.25	450,403,884.95	746,927,769.74	486,370,841.29
House rent	7,290,918.34		9,159,591.37	177,758.00
Property service			1,007,214.32	
Capital occupation fee income	689,368,393.41	450,224,108.49	729,766,338.34	479,198,457.58
Others	1,068,230.50	179,776.46	6,994,625.71	6,994,625.71
Total	1,825,604,733.92	1,502,856,838.04	1,270,139,107.32	891,036,740.21

(5) Investment income

1. Details of investment income

Sources of investment income	The amount incurred in the current period	The amount incurred in the prior period
Income from long-term equity investments under equity method	-8,556,588.23	-14,302,130.19
Investment income on disposal of long-term equity investments	203,830,000.00	
Investment income from holding financial assets at FVTPL		
Dividend income from holding investments in other equity instruments		
Investment income from disposal of financial assets at FVTPL		
Others	656,362.93	738,297.88
Total	195,929,774.70	-13,563,832.31

(There is no context on this page, it is the signature and seal page of the notes to the financial statements of Zhengzhou Urban Development Group Co., Ltd.)

Name of the company: Zhengzhou Urban Development Group Co., Ltd.

Legal representative: Principal in charge of accounting: Head of accounting department:

Date: April 28, 2024 Date: April 28, 2024 Date: April 28, 2024

Zhengzhou Urban Development Group Co., Ltd.

AUDIT REPORT

Righteous Innovation Shen Zi No.202500187

Henan Righteous Innovation Certified Public Accountants

(Special General Partnership)

April 26th, 2025

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Henan Righteous Innovation Certified Public Accountants (Special General Partnership)

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Tel: 0371-65335617 / 0371-65335627

Auditor's Report

Righteous Innovation Shen Zi No.202500187

To the Zhengzhou Urban Development Group Co., Ltd.,

I. Auditor's Opinion

We have audited the accompanying financial statements of Zhengzhou Urban Development Group Co., Ltd. (the Company), which comprise the consolidated and company statement of financial position as of December 31, 2024, and the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity, and the notes to the financial statements for the year that ended.

The accompanying financial statements present fairly the consolidated and company financial position of the Company as of December 31, 2024, and the financial performance and cash flows for the year that ended, in all material respects, according to the requirements of Accounting Standards for Business Enterprises ("ASBEs").

II. Forming the Basis of the Auditor's Opinion

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

III. Other information

Management of the Company (the Management) is responsible for the other information. Other information includes the information covered in the annual report but does not include the financial statements and our audit report.

Our audit opinions on the financial statements do not cover other information, and we do not issue any form of verification conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information. In this process, consider whether the other information is materially inconsistent with the financial statements, what we have learned during the audit process, or if there seems to be a material misstatement.

Based on our work, if we determine a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

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

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

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

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

V. Auditor’s Responsibility for Auditing Financial Statements

We aim to obtain reasonable assurance that the financial statement is free from material misstatement due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not guaranteed that an audit conducted by CASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit by CASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following:

i. Identifying and assessing the risk of material misstatement of financial statements due to fraud or errors, designing and implementing audit procedures responsive to these risks, and obtaining adequate and appropriate audit evidence for issuing audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

ii. Obtaining an understanding of the internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Still, the purpose is not to express opinions on the effectiveness of internal control.

iii. Evaluating the appropriateness of accounting policies adopted by the Management and the reasonableness of accounting estimates and related disclosures.

iv. Concluding on the appropriateness of the Management's use of the going-concern accounting assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Suppose we conclude that a material uncertainty exists. In that case, we must draw attention to the related disclosures in these financial statements in our auditor's report, or if the disclosure is insufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluating the overall presentation, structure, and content (including disclosure) of the financial statements and whether the financial statements represent the transactions and events in a manner that achieves fair presentation.

vi. Obtaining sufficient and appropriate audit evidence on the financial information of entities or business activities of the company to express an audit opinion on the financial statements. We are responsible for directing, supervising, and performing group audits, and we assume full responsibility for the audit opinions.

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.

Henan Righteous Innovation Certified Public Accountants
(Special General Partnership)

Zhengzhou, China

The Chinese Certified Public Accountant: Zhao Junliang

The Chinese Certified Public Accountant: Qiao Pengfei

April 26th, 2025

Consolidated Statement of Financial Position

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Item	Note VIII	2024/12/31	2023/12/31
CURRENT ASSETS:			
Cash and cash equivalents	1	11,104,016,719.84	9,695,099,258.58
Settlements Provisions			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	2	735,222.00	
Accounts receivable	3	20,983,428,380.55	15,466,579,817.32
Financing receivables			
Prepayments	4	1,029,233,008.59	1,005,598,061.43
Insurance premium receivable			
Due from reinsurers			
Contract reserve to due from reinsurers			
Other receivables	5	4,513,387,310.53	5,556,317,631.76
Including: Interest receivable			
Dividends receivable		15,447,600.00	15,447,600.00
Financial assets purchased under agreements to resell			
Inventories	6	33,478,036,774.87	34,131,895,494.86
Contract assets	7	647,228,916.54	647,228,916.54
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	8	2,954,012,510.39	3,615,389,243.86
Total current assets		74,710,078,843.31	70,118,108,424.35
NON-CURRENT ASSETS:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables	9	43,802,308,828.68	12,720,000,000.00
Long-term equity investments	10	2,172,242,084.56	2,205,869,247.58
Other equity instruments investments	11	511,520,000.00	511,520,000.00
Other non-current financial assets	12	279,567,393.08	279,567,393.08
Investment properties	13	64,691,719,209.35	42,222,695,528.47
Fixed assets	14	523,360,193.90	410,419,986.21
Construction in progress	15	9,878,684,222.17	10,459,504,714.37
Productive biological assets	16	33,445.44	44,427.27
Oil and gas assets			
Right-of-use asset			
Intangible assets	17	9,252,401,732.19	9,253,267,169.35
Development expenditures			
Goodwill	18	43,685,880.33	41,565,646.14
Long-term prepaid expenses	19	21,752,844.79	14,453,954.88
Deferred tax assets	20	293,703,971.18	260,039,597.97
Other non-current assets	21	24,222,879,808.92	35,411,164,602.55
Total non-current assets		155,693,859,614.59	113,790,112,267.87
Total Assets		230,403,938,457.90	183,908,220,692.22

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Consolidated Statement of Financial Position (continued)

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Item	Note VIII	2024/12/31	2023/12/31
CURRENT LIABILITIES:			
Short-term borrowings	22	2,259,517,265.28	1,717,500,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	23	16,798,653.18	160,166,997.62
Accounts payable	24	7,743,298,575.94	6,906,257,740.96
Receipts in advance	25	11,262,458.88	26,564,958.85
Contract Liabilities	26	1,060,857,857.29	2,092,668,648.59
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions			
Payroll and employee benefits payable	27	66,242,022.58	28,892,130.93
Taxes payable	28	476,991,444.30	488,316,669.16
Other payables	29	8,624,158,721.60	7,795,072,069.68
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Payable reinsurance			
Liabilities classified as held for sale			
Current portion of non-current liabilities	30	27,032,040,279.38	16,948,226,446.48
Other current liabilities	31	25,348,199.81	85,485,625.53
Total Current Liabilities		47,316,515,478.24	36,249,151,287.80
NON-CURRENT LIABILITIES:			
Insurance reserves			
Long-term borrowings	32	47,316,253,047.74	40,161,837,796.22
Bonds payable	33	28,535,019,256.05	28,505,337,592.84
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payables	34	42,806,606,253.26	15,241,761,313.43
Long-term payroll and employee benefits payable			
Provisions			
Deferred income	35	840,925,754.74	812,249,999.35
Deferred tax liabilities	20	1,760,308,585.81	1,537,002,205.88
Other non-current liabilities	36	577,331,122.06	593,482,201.92
Total non-current liabilities		121,836,444,019.66	86,851,671,109.64
Total liabilities		169,152,959,497.90	123,100,822,397.44
SHAREHOLDERS' EQUITY:			
Paid-in capital	37	2,700,540,000.00	2,000,000,000.00
Other equity instruments			
Including: Preferred Stock			
Perpetual Debt			
Capital reserve	38	51,918,326,569.20	52,550,612,327.40
Less: Treasury shares			
Other comprehensive income	39	167,344,801.67	167,533,071.94
Special reserve			
Surplus reserve	40	366,561,133.91	366,561,133.91
General reserve			
Undistributed profits	41	4,620,270,054.58	4,320,771,964.92
Equity attributable to owners of the parent		59,773,042,559.36	59,405,478,498.17
Non-controlling interests		1,477,936,400.64	1,401,919,796.61
Total shareholders' equity		61,250,978,960.00	60,807,398,294.78
Total liabilities and shareholders' equity		230,403,938,457.90	183,908,220,692.22

Legal Representative: 万生 印永 Chief Accountant: 潘民 印建 Head of Accounting Department: 李刚

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

Consolidated Income Statement

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Item	Note VIII	2024	2023
1. Total revenue		9,760,402,079.99	9,392,962,868.43
Including: Operating revenue	42	9,760,402,079.99	9,392,962,868.43
Interest income			
Net earned premiums			
Net fee and commission revenue			
2. Total cost of sales		10,257,167,488.15	9,673,645,256.61
Including: Cost of sales	42	8,093,579,715.29	8,094,180,673.06
Interest expenses			
Fees and commission expenses			
Surrenders			
Net payments for insurance claims			
Net provision of insurance reserve			
Policyholder dividends			
Reinsurance expenses			
Taxes and surcharges	43	241,229,975.50	179,366,827.74
Selling expenses	44	89,018,354.51	77,705,348.55
General and administrative Expenses	45	343,488,391.19	343,557,860.70
Research and development (R&D) Expenses	46	14,244,284.97	7,847,901.97
Financial Expenses	47	1,475,606,766.69	970,986,644.59
Including: Interest expense		2,044,918,814.23	1,428,542,112.76
Interest income		655,363,471.95	602,175,308.05
Add: Other income	48	517,682,495.11	351,207,800.44
Investment income	49	-78,967,518.44	46,275,514.13
Including: Share of profits or loss of associates and joint ventures		-88,207,518.44	25,811,387.04
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains			
Net exposure hedging gains/ (losses)			
Gains on changes in fair value	50	832,901,360.84	555,445,134.66
Credit impairment losses	51	-65,651,285.34	-140,277,701.02
Assets impairment losses	52	156,177.61	-4,865,493.70
Gains from disposal of assets	53	-21,741.10	12,644.65
3. Operating profit		**709,334,080.52**	**527,115,510.98**
Add: Non-operating income	54	2,318,068.61	8,371,757.76
Less: Non-operating Expenses	55	10,293,312.82	2,588,286.12
4. Profit/(loss) before tax		**701,358,836.31**	**532,898,982.62**
Less: Income tax expense	56	303,938,055.28	232,916,263.73
5. Net profit /(loss)		**397,420,781.03**	**299,982,718.89**
(i) Categorized by operation continuity			
a. Net profit from continuing operations		397,420,781.03	299,982,718.89
b. Net profit from discontinuing operations		-	-
(ii) Categorized by ownership			
a. Net profit attributable to owners of the parent		349,441,189.66	267,598,684.62
b. Net profit attributable to non-controlling interests		47,979,591.37	32,384,034.27
6. Other comprehensive income, net of tax		**-188,270.27**	**-634,939.40**
Other comprehensive income, net of tax, attributable to owners of the parent		**-188,270.27**	**-634,939.40**
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement gains or losses of a defined benefit plans			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss		**-188,270.27**	**-634,939.40**
a. Other comprehensive income that can be reclassified to profit or loss in equity method		-5,765,248.52	-634,429.44
b. Changes in fair value of other debt investments			
c. Change in the fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Reclassification of held-to-maturity investments as available-for-sale financial assets			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedging reserve (effective part of profit and loss of cash flow hedging)			
h. Exchange differences on translation of foreign currency financial statements			
i. Others		5,576,978.25	-509.96
Other comprehensive income, net of tax, attributable to non-controlling interests			
7. Total comprehensive income		**397,232,510.76**	**299,347,779.49**
Total comprehensive income attributable to owners of the parent		349,252,919.39	266,963,745.22
Total comprehensive income attributable to non-controlling interests		47,979,591.37	32,384,034.27
8. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

Legal Representative: Chief Accountant: Head of Accounting Department:

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

Consolidated Statement of Cash Flows

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Item	Note VIII	2024	2023
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		4,325,188,907.30	7,598,916,278.08
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Net increase in disposal of financial assets measured at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Tax refunds received		57,363,301.70	15,793,986.52
Cash received relating to other operating activities	58	2,320,152,297.96	3,375,047,964.97
Sub-total of cash inflows		6,702,704,506.96	10,989,758,229.57
Cash paid for purchase of goods and services		3,509,801,398.08	3,839,767,661.40
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employees		361,004,643.63	385,096,007.93
Cash paid for taxes		631,273,688.47	533,330,066.01
Cash paid relating to other operating activities	58	1,103,182,439.20	7,266,328,335.43
Sub-total of cash outflows		5,605,262,169.38	12,024,522,070.77
Net cash flows from operating activities		1,097,442,337.58	-1,034,763,841.20
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			16,499,524.12
Cash received from investment income		9,240,000.00	11,216,362.93
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		207,480.00	765,015.45
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities	58	21,232,604.32	
Sub-total of cash inflows		30,680,084.32	28,480,902.50
Purchase of property, plant and equipment, intangible assets and other non-current assets		10,513,493,953.82	14,414,264,826.94
Cash paid for investments		62,418,866.00	581,134.00
Net increase in secured loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities	58	34,340,000.00	13,674,921.69
Sub-total of cash outflows		10,610,252,819.82	14,428,520,882.63
Net cash flows from investing activities		-10,579,572,735.50	-14,400,039,980.13
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		31,063,200.00	20,000,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		31,063,200.00	20,000,000.00
Proceeds from borrowings		32,048,101,129.44	29,595,259,804.84
Cash receipts relating to other financing activities	58	36,627,457,840.99	6,626,398,571.70
Subtotal of cash inflows		68,706,622,170.43	36,241,658,376.54
Repayments for debts		21,104,106,119.71	17,095,640,496.42
Cash payments for distribution of dividends or profit and interest expenses		3,805,228,206.07	3,671,679,193.49
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities	58	32,866,232,175.06	1,519,756,418.41
Subtotal of cash outflows		57,775,566,500.84	22,287,076,108.32
Net cash flows from financing activities		10,931,055,669.59	13,954,582,268.22
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		1,448,925,271.67	-1,480,221,553.11
Add: Cash and cash equivalents at beginning of year		9,570,517,404.10	11,050,738,957.21
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		11,019,442,675.77	9,570,517,404.10

Legal Representative: Chief Accountant: Head of Accounting Department:

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

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd. | Amount: RMB Yuan

Item	Line No.	2024												
		Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profits		
			Preference share	Perpetual debt	Others									
Ⅰ. Balance at the end of previous year	1	2,000,000,000.00				53,680,802,727.40		167,533,071.94		366,561,133.91		4,360,144,112.78	1,403,107,167.97	61,978,148,214.00
Changes in accounting policies	2													
Corrections of prior period errors	3					-1,130,190,400.00						-39,372,147.86	-1,187,371.36	-1,170,749,919.22
Business combination under common control	4													
Others	5													
Ⅱ. Balance at the beginning of the year	6	2,000,000,000.00				52,550,612,327.40		167,533,071.94		366,561,133.91		4,320,771,964.92	1,401,919,796.61	60,807,398,294.78
Ⅲ. Increase/(decrease) during the period	7	700,540,000.00				-632,285,758.20		-188,270.27				299,498,089.66	76,016,604.03	443,580,665.22
(A) Total comprehensive income	8							-188,270.27				349,441,189.66	47,979,591.37	397,232,510.76
(B) Shareholders' contributions and reduction	9					68,254,241.80							28,037,012.66	96,291,254.46
1. Shareholders 'contributions in ordinary share	10												31,063,200.00	31,063,200.00
2. Other equity instruments contributions	11													
3. Amount of share-based payments recognized in equity	12													
4. Others	13					68,254,241.80							-3,026,187.34	65,228,054.46
(C) Profit distribution	14											-49,943,100.00		-49,943,100.00
1. Transfer to surplus reserve	15													
2. Transfer to general reserve	16													
3. Distributions to shareholders	17											-49,943,100.00		-49,943,100.00
4. Others	18													
(D) Transfer within equity	19	700,540,000.00				-700,540,000.00								
1. Capital reserves converted to share capital	20	700,540,000.00				-700,540,000.00								
2. Surplus reserves converted to share capital	21													
3. Loss made up by surplus reserves	22													
4. Changes in the defined benefit plan transferred to retained earnings	23													
5. Other comprehensive income carried transferred to retained earnings	24													
6. Others	25													
(E) Special reserves	26													
1. Additions	27													
2. Utilisation	28													
(F) Others	29													
Ⅳ. Balance at the end of the period	30	**2,700,540,000.00**				**51,918,326,569.20**		**167,344,801.67**		**366,561,133.91**		**4,620,270,054.58**	**1,477,936,400.64**	**61,250,978,960.00**

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

(The accompanying notes are an integral part of these financial statements.)

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd.

Amount: RMB Yuan

Item	Line No.	2023												
		Equity attributable to owners of the parent											Non-controlling interests	Total shareholders' equity
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profits		
			Preference share	Perpetual debt	Others									
Ⅰ. Balance at the end of previous year	1	2,000,000,000.00				53,727,132,054.77		168,168,011.34		366,561,133.91		4,209,747,331.07	1,348,701,608.27	61,820,310,139.36
Changes in accounting policies	2													
Corrections of prior period errors	3					-1,130,190,400.00						-21,515,150.77	834,154.07	-1,150,871,396.70
Business combination under common control	4													
Others	5													
Ⅱ. Balance at the beginning of the year	6	2,000,000,000.00				52,596,941,654.77		168,168,011.34		366,561,133.91		4,188,232,180.30	1,349,535,762.34	60,669,438,742.66
Ⅲ. Increase/(decrease) during the period	7					-46,329,327.37		-634,939.40				132,539,784.62	52,384,034.27	137,959,552.12
(A) Total comprehensive income	8							-634,939.40				267,598,684.62	32,384,034.27	299,347,779.49
(B) Shareholders' contributions and reduction	9					-46,329,327.37							20,000,000.00	-26,329,327.37
1. Shareholders 'contributions in ordinary share	10												20,000,000.00	20,000,000.00
2. Other equity instruments contributions	11													
3. Amount of share-based payments recognized in equity	12													
4. Others	13					-46,329,327.37								-46,329,327.37
(C) Profit distribution	14											-135,058,900.00		-135,058,900.00
1. Transfer to surplus reserve	15													
2. Transfer to general reserve	16													
3. Distributions to shareholders	17											-135,058,900.00		-135,058,900.00
4. Others	18													
(D) Transfer within equity	19													
1. Capital reserves converted to share capital	20													
2. Surplus reserves converted to share capital	21													
3. Loss made up by surplus reserves	22													
4. Changes in the defined benefit plan transferred to retained earnings	23													
5. Other comprehensive income carried transferred to retained earnings	24													
6. Others	25													
(E) Special reserves	26													
1. Additions	27													
2. Utilisation	28													
(F) Others	29													
Ⅳ. Balance at the end of the period	30	2,000,000,000.00				52,550,612,327.40		167,533,071.94		366,561,133.91		4,320,771,964.92	1,401,919,796.61	60,807,398,294.78

Legal Representative: Chief Accountant: Head of Accounting Department:

(The accompanying notes are an integral part of these financial statements.)

Statement of Financial Position

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Items	Note XII	2024/12/31	2023/12/31
CURRENT ASSETS:			
Cash and cash equivalents		1,982,134,412.94	2,933,629,993.14
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	1,154,941,911.32	1,065,015,830.38
Financing receivables			
Prepayments		198,872,221.54	513,017,666.83
Other receivables	2	12,333,519,058.02	12,207,976,156.38
Including: Interest receivable			
Dividends receivable		15,447,600.00	15,447,600.00
Inventories		7,160,148,045.31	5,196,628,729.20
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets		383,487,288.79	732,327,226.60
Total current assets		**23,213,102,937.92**	**22,648,595,602.53**
NON-CURRENT ASSETS:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	3	35,651,834,629.88	32,731,665,742.70
Other equity instruments investments			
Other non-current financial assets		257,641,142.62	257,641,142.62
Investment properties		19,640,864,300.00	19,669,539,720.00
Fixed assets		162,753,097.56	173,824,934.19
Construction in progress		44,537,669.78	40,804,162.55
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		11,776,674.45	11,607,340.69
Development expenditures			
Goodwill			
Long-term prepaid expenses		518,641.63	514,577.56
Deferred tax assets		9,575,434.51	8,131,093.57
Other non-current assets		334,000,000.00	1,810,882,804.77
Total non-current assets		**56,113,501,590.43**	**54,704,611,518.65**
Total Assets		**79,326,604,528.35**	**77,353,207,121.18**

Legal Representative: 万生 印永 Chief Accountant: 潘民 印建 Head of Accounting Department: 李 翊

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

Statement of Financial Position (continued)

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Items	Note XII	2024/12/31	2023/12/31
CURRENT LIABILITIES:			
Short-term borrowings		1,540,000,000.00	977,500,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		16,798,653.18	100,000,000.00
Accounts payable		562,636,448.14	682,114,543.53
Receipts in advance			1,700,000.00
Contract liabilities			59,224,403.67
Payroll and employee benefits		3,299,623.54	2,113,484.30
Taxes payable		9,615,974.05	9,475,442.53
Other payables		4,197,659,510.70	3,527,071,314.84
Including: Interest payable			
Dividends payable			
Liabilities classified as held for sale			
Current portion of non-current liabilities		6,585,580,055.05	5,616,313,979.51
Other current liabilities			5,330,196.33
Total Current Liabilities		**12,915,590,264.66**	**10,980,843,364.71**
NON-CURRENT LIABILITIES:			
Long-term borrowings		14,121,800,000.00	12,851,650,000.00
Bonds payable		16,720,000,000.00	16,886,945,000.00
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payable		1,072,595,933.79	1,356,197,605.33
Long-term payroll and employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		846,835,118.04	853,584,447.76
Other non-current liabilities			
Total non-current liabilities		**32,761,231,051.83**	**31,948,377,053.09**
Total liabilities		**45,676,821,316.49**	**42,929,220,417.80**
SHAREHOLDERS' EQUITY:			
Paid-in capital		2,700,540,000.00	2,000,000,000.00
Other equity instruments			
Including: Preferred Stock			
Perpetual debt			
Capital reserve		30,419,808,788.02	31,036,699,138.46
Less: Treasury shares			
Other comprehensive income		147,568,430.25	153,333,678.77
Special reserve			
Surplus reserve		366,207,299.08	366,207,299.08
General reserve			
Undistributed profits		15,658,694.51	867,746,587.07
Total shareholders' equity		**33,649,783,211.86**	**34,423,986,703.38**
Total liabilities and shareholders' equity		**79,326,604,528.35**	**77,353,207,121.18**

Legal Representative: 万东印 Chief Accountant: 潘民建印 Head of Accounting Department: 李刚

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

Income Statement

Prepared by: Zhengzhou Urban Development Group Co., Ltd. Amount: RMB Yuan

Items	Note XII	2024	2023
1. Total revenue	4	1,324,122,509.42	1,825,604,733.92
Less: Cost of sales	4	980,147,817.68	1,502,856,838.04
Taxes and surcharges		37,060,577.55	36,691,241.18
Selling expenses		65,352.18	617,661.03
General and administrative Expenses		77,593,049.07	73,031,753.85
Research and development (R&D) Expenses			
Financial Expenses		876,665,208.59	804,445,398.52
Including: Interest expenses		830,911,389.44	740,786,024.33
Interest income		19,868,717.75	28,223,818.20
Add: Other income		34,745.93	166,052.50
Investment income	5	-130,515,440.66	198,768,281.83
Including: Share of profits or loss of associates and joint ventures		-122,674,128.04	-5,718,081.10
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains			
Net exposure hedging gains			
Gains on changes in fair value		-26,997,318.87	231,067,698.06
Credit impairment losses		-5,777,363.76	-20,482,337.21
Assets impairment losses			
Gains from disposal of assets			
2. Operating profit		**-810,664,873.01**	**-182,518,463.52**
Add: Non-operating income		626,409.79	1,095,149.37
Less: Non-operating Expenses		300,000.00	403,546.00
3. Profit/(loss) before tax		**-810,338,463.22**	**-181,826,860.15**
Less: Income tax expense		-8,193,670.66	52,646,340.19
4. Net profit /(loss)		**-802,144,792.56**	**-234,473,200.34**
(i) Categorized by operation continuity		-802,144,792.56	-234,473,200.34
(ii) Categorized by ownership			
5. Other comprehensive income, net of tax		**-5,765,248.52**	**-634,429.44**
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement gains or losses of a defined benefit plans			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss		**-5,765,248.52**	**-634,429.44**
a. Other comprehensive income that can be reclassified to profit or loss in equity method		-5,765,248.52	-634,429.44
b. Changes in fair value of other debt investments			
c. Change in the fair value of available-for-sale financial assets			
d. Amount of financial assets reclassified into other comprehensive income			
e. Reclassification of held-to-maturity investments as available-for-sale financial			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedge reserve (effective part of profit and loss of cash flow hedging)			
h. Exchange differences on translation of foreign currency financial statements			
i. Others			
6.Other comprehensive income, net of tax		**-807,910,041.08**	**-235,107,629.78**
7. Earnings per share			
(i) Basic earnings per share (yuan / share)			
(ii) Diluted earnings per share (yuan / share)			

Legal Representative: 万生 永印 Chief Accountant: 潘民 建印 Head of Accounting Department: 李刚

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

Statement of Cash Flows

Prepared by: Zhengzhou Urban Development Group Co., Ltd. **Amount: RMB Yuan**

Items	Note XII	2024	2023
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		936,843,099.76	965,580,606.35
Tax refunds received			4,307,464.99
Cash received relating to other operating activities		1,575,363,309.92	6,583,062,574.61
Sub-total of cash inflows		**2,512,206,409.68**	**7,552,950,645.95**
Cash paid for purchase of goods and services		555,099,994.69	544,659,209.87
Cash paid to and on behalf of employees		48,723,817.47	51,086,193.75
Cash paid for taxes		48,655,043.43	37,550,169.77
Cash paid relating to other operating activities		1,621,455,273.57	5,119,339,679.89
Sub-total of cash outflows		**2,273,934,129.16**	**5,752,635,253.28**
Net cash flows from operating activities		**238,272,280.52**	**1,800,315,392.67**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from investment income			124,926,362.93
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		31,380.00	
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		21,200,000.00	
Sub-total of cash inflows		**21,231,380.00**	**124,926,362.93**
Purchase of property, plant and equipment, intangible assets and other non-current assets		2,157,428.32	280,831,216.98
Cash paid for investments		667,164,690.98	2,642,159,009.02
Cash Paid for disposal of subsidiaries and other business units			
Cash paid relating to other investing activities		36,578,192.81	
Sub-total of cash outflows		**705,900,312.11**	**2,922,990,226.00**
Net cash flows from investing activities		**-684,668,932.11**	**-2,798,063,863.07**
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment			
Proceeds from borrowings		11,703,393,000.00	10,338,000,000.00
Cash receipts relating to other financing activities		2,296,280,763.00	329,500,454.70
Subtotal of cash inflows		**13,999,673,763.00**	**10,667,500,454.70**
Repayments for debts		9,081,595,630.56	7,311,380,000.00
Cash payments for distribution of dividends or profit and interest expenses		1,583,912,938.66	1,607,430,218.60
Cash payments relating to other financing activities		3,806,062,108.90	501,182,233.74
Subtotal of cash outflows		**14,471,570,678.12**	**9,419,992,452.34**
Net cash flows from financing activities		**-471,896,915.12**	**1,247,508,002.36**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		**-918,293,566.71**	**249,759,531.96**
Add: Cash and cash equivalents at beginning of year		2,883,629,326.47	2,633,869,794.51
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,965,335,759.76**	**2,883,629,326.47**

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

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

Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd.

Amount: RMB Yuan

Items	No.	2024										
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	Total shareholders' equity
			Preference share	Perpetual debt	Others							
Ⅰ. Balance at the end of previous year	1	2,000,000,000.00				32,166,889,538.46		153,333,678.77		366,207,299.08	877,160,850.53	35,563,591,366.84
Changes in accounting policies	[illegible]											
Corrections of prior period errors	3					-1,130,190,400.00					-9,414,263.46	-1,139,604,663.46
Others	4											
Ⅱ. Balance at the beginning of the year	5	2,000,000,000.00				31,036,699,138.46		153,333,678.77		366,207,299.08	867,746,587.07	34,423,986,703.38
Ⅲ. Increase/(decrease) during the period	6	700,540,000.00				-616,890,350.44		-5,765,248.52			-852,087,892.56	-774,203,491.52
(A) Total comprehensive income	7							-5,765,248.52			-802,144,792.56	-807,910,041.08
(B) Shareholders' contributions and reduction	8					83,649,649.56						83,649,649.56
1. Shareholders' contributions in ordinary share	9											
2. Other equity instruments contributions	10											
3. Amount of share-based payments recognized in equity	11											
4. Others	12					83,649,649.56						83,649,649.56
(C) Profit distribution	13										-49,943,100.00	-49,943,100.00
1. Transfer to surplus reserve	14											
2. Distributions to shareholders	15										-49,943,100.00	-49,943,100.00
3. Others	16											
(D) Transfer within equity	17	700,540,000.00				-700,540,000.00						
1. Capital reserves converted to share capital	18	700,540,000.00				-700,540,000.00						
2. Surplus reserves converted to share capital	19											
3. Loss made up by surplus reserves	20											
4. Changes in the defined benefit plan transferred to retained earnings	21											
5. Other comprehensive income carried transferred to retained earnings	22											
6. Others	23											
(E) Special reserves	24											
1. Additions	25											
2. Utilisation	26											
(F) Others	27											
Ⅳ. Balance at the end of the period	28	2,700,540,000.00				30,419,808,788.02		147,568,430.25		366,207,299.08	15,658,694.51	33,649,783,211.86

Legal Representative: 万永生印 Chief Accountant: 潘建民印 Head of Accounting Department: 李刚

(The accompanying notes are an integral part of these financial statements)

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Statement of Changes in Shareholders' Equity

Prepared by: Zhengzhou Urban Development Group Co., Ltd. | Amount: RMB Yuan

Items	No.	2023										
		Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed profits	Total shareholders' equity
			Preference share	Perpetual debt	Others							
I. Balance at the end of previous year	1	2,000,000,000.00				31,971,236,099.48		153,968,108.21		366,207,299.08	1,156,481,258.00	35,647,892,764.77
Changes in accounting policies	2											
Corrections of prior period errors	3					-1,130,190,400.00					-12,252,770.59	-1,142,443,170.59
Others	4											
II. Balance at the beginning of the year	5	2,000,000,000.00				30,841,045,699.48		153,968,108.21		366,207,299.08	1,144,228,487.41	34,505,449,594.18
III. Increase/(decrease) during the period	6					195,653,438.98		-634,429.44			-276,481,900.34	-81,462,890.80
(A) Total comprehensive income	7							-634,429.44			-234,473,200.34	-235,107,629.78
(B) Shareholders' contributions and reduction	8					195,653,438.98						195,653,438.98
1. Shareholders' contributions in ordinary share	9											
2. Other equity instruments contributions	10											
3. Amount of share-based payments recognized in equity	11											
4. Others	12					195,653,438.98						195,653,438.98
(C) Profit distribution	13										-42,008,700.00	-42,008,700.00
1. Transfer to surplus reserve	14											
2. Distributions to shareholders	15										-42,008,700.00	-42,008,700.00
3. Others	16											
(D) Transfer within equity	17											
1. Capital reserves converted to share capital	18											
2. Surplus reserves converted to share capital	19											
3. Loss made up by surplus reserves	20											
4. Changes in the defined benefit plan transferred to retained earnings	21											
5. Other comprehensive income carried transferred to retained earnings	22											
6. Others	23											
(E) Special reserves	24											
1. Additions	25											
2. Utilisation	26											
(F) Others	27											
IV. Balance at the end of the period	28	2,000,000,000.00				31,036,699,138.46		153,333,678.77		366,207,299.08	867,746,587.07	34,423,986,703.38

Legal Representative: 生万印永 | Chief Accountant: 民潘印建 | Head of Accounting Department: 李刚

(The accompanying notes are an integral part of these financial statements)

Zhengzhou Urban Development Group Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(All amounts in RMB yuan unless otherwise stated)

I. GENERAL INFORMATION

(1) The History

Zhengzhou Urban Development Group Co., Ltd. (from now on referred to as "the Company" or "Company") is approved by "Zhengzhou Municipal People's Government's Reply on the Reorganization Plan of Zhengzhou Real Estate Group" (Zheng Zhenghan [2011] No. 31) and "Notice of Zhengzhou Real Estate Group Co., Ltd. on the Establishment of Zhengzhou Real Estate Group Co., Ltd." (Zheng Guozi [2010] No. 284) approval. Established based on Zhengzhou Real Estate Group, the company will undertake all the assets, liabilities, and business of Zhengzhou Real Estate Group.

The Company is a state-owned limited liability company established by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government (from now on referred to as "Zhengzhou State-owned Assets Supervision and Administration Commission") with a capital contribution of RMB 500 million. The first phase invested RMB 100 million, which was verified by Henan Tianming Certified Public Accountants Co., Ltd. and verified on January 13, 2011, with Tianming Yanzi [2011] No. 01-001 Capital Verification Report; The second phase invested RMB 400 million, which was verified by Henan Century United Certified Public Accountants Co., Ltd., and was verified on August 27, 2012, with the verification report of YushiKuai [2011] No. 024.

On December 11, 2012, approved by the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government on the Increase of Registered Capital of Real Estate Group Co., Ltd. (Zheng Guozi [2012] No. 283), The registered capital of the Company has increased from RMB 500 million to RMB 2 billion, and the Zhengzhou Municipal State-owned Assets Supervision and Administration Commission has increased capital by physical assets and monetary funds. The capital contribution was verified by Henan Century United Certified Public Accountants Co., Ltd. and verified on December 11, 2012, with YuShi Yan Zi (2012) No. 033 Capital Verification Report.

In December 2022, the Company's name was changed from Zhengzhou Real Estate Group Co., Ltd. to Zhengzhou Urban Development Group Co., Ltd.

On November 20, 2024, the Zhengzhou Municipal State-owned Assets Supervision and Administration Commission decided to change the registered capital of the company from 2 billion yuan to 2.70054 billion yuan, with the increased capital being contributed by the Zhengzhou Municipal State-owned Assets Supervision and Administration Commission in currency.

As of December 31, 2024, the actual capital contribution of the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipal People's Government amounted to RMB 2.70054 billion, with a shareholding ratio of 100.00%.

(2) Registered Address and Headquarters Address and the Form of Business Organisation

Registered Address: No. 23, Tongbai South Road, Zhongyuan District, Zhengzhou City

Form of Business Organisation: Limited Liability Company (State-owned Company)

Registration No. Of Legal Entity's Business License: 91410100568644722R

Legal Representative: Wan Yongsheng

Registered Capital: 2.70054 billion RMB

Term of Business: From January 28, 2011, to January 27, 2031

(3) Business nature and main business activities of the company

Industrial investment; land first-level development; old city transformation; infrastructure construction and management; urban asset operation management; real estate development and operation (the above projects are operated with valid qualification certificates).

II. PREPARATION BASIS OF FINANCIAL STATEMENTS

(1) Basis of preparation of financial statements

The Company's financial statements are based on the going concern assumption, based on actual transactions and events, by the "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No. 33 and revised by Ministry of Finance Order No. 76), the preparation of disclosure requirements for 42 specific accounting standards, application guidelines for business accounting standards, interpretations of business accounting standards and other related regulations (from now on collectively referred to as "business accounting standards") promulgated and revised on or after February 15, 2006.

(2) Going concern

The Company can continue as a going concern for at least 12 months from the end of the reporting period, and no major event affects the ability to continue as a going concern.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the company comply with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and their application guidelines and interpretation requirements and truly and completely reflect the company's financial status as of December 31, 2024, and the operating results and changes in owner's equity in 2024. and cash flow and other related information.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting period

The company's accounting year is from January 1 to December 31.

(2) Reporting currency

The Company's functional currency is Renminbi (RMB).
Unless otherwise stated, the amount is expressed in RMB yuan.

(3) Accounting basis and pricing principle

Unless otherwise specified, the Company generally adopts historical costs when preparing the financial statements.

(4) Criteria for materiality

Criteria/benchmarks for determining materiality selection	Determine proportions or properties consistent with significance.
Important individual accounts receivable with provision for bad debts	Amount ≥ RMB 50 million

(5) Business combination

1. Business merger refers to a transaction or event that combines two or more separate enterprises to form a reporting entity.

The Company's business combinations are divided into business combinations under the same control and business combinations not under the same control. Suppose the enterprises participating in the merger are ultimately controlled by the same party or the same parties before and after the merger, and the control is not temporary. In that case, it is a business merger under the same control. If the parties involved in the merger are not ultimately controlled by the same party or the same parties before and after the merger, it is a business merger not under the same control.

2. For business mergers under common control, the assets and liabilities acquired by the merging party in the business combination shall be measured according to the book value of the merged party on the date of the merger. The difference between the book value of the net assets obtained by the merging party and the book value of the merger consideration paid (or the total face value of the shares issued)

shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.
All directly related expenses incurred by the merging party for the business merger, including audit fees, evaluation fees, legal service fees, etc., paid for the business merger shall be included in the current profit and loss when incurred. Fees, commissions, etc., paid for bonds issued for business mergers or assuming other debts shall be included in the initial measurement amount of the bonds issued and other debts. The handling fees, commissions and other expenses incurred during the issuance of equity securities during a business combination shall be offset against the premium income of the equity securities. If the premium income is insufficient to offset it, it shall be offset against the retained earnings.

Suppose a business merger creates a parent-subsidiary relationship. In that case, the parent company shall prepare a consolidated balance sheet, income statement, and cash flow statement for the merger date. The assets and liabilities of the merged party in the consolidated balance sheet are measured according to their book values. The consolidated income statement includes the income, expenses and profits incurred by the parties participating in the merger from the beginning of the current period to the merger date. The net profit realized by the merged party before the merger is reflected as a separate item in the consolidated income statement. The consolidated cash flow statement shall include the cash flows of the parties participating in the merger from the beginning of the current period to the merger date.

If the merged party were acquired by the ultimate controlling party from a third party in the previous year, it would be deemed that the reporting entity formed after the merger has been integrated and has survived since the ultimate controlling party began to exercise control. The assets and liabilities of the merged party (Including the goodwill formed by the ultimate controlling party's acquisition of the merged party) and the relevant accounting treatment are carried out based on the book value in the financial statements of the ultimate controlling party. The period for retrospective adjustment of the comparative data of the merging party's financial statements shall not be earlier than when both parties were under the control of the ultimate controlling party, whichever is later.

3. For business combinations not under common control, the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party shall be regarded as the merger cost.

In a business merger not under the same control, the intermediary fees such as auditing, legal services, evaluation consulting and other related management expenses incurred by the purchaser for the business combination shall be included in the current profit and loss when incurred; the equity issued by the purchaser as consideration for the merger shall Transaction costs for securities or debt securities shall be included in the initial recognition amount of equity securities or debt securities.

On the purchase date, the assets paid and liabilities incurred or assumed by the purchaser as consideration for the business combination are measured at fair value, and the difference between the fair value and its book value is included in the current profit and loss.

The difference between the merger cost and the fair value of the acquiree's identifiable net assets obtained in the merger is recognized as goodwill by the buyer. When the merger cost is less than the fair value share of the acquiree's identifiable net assets acquired in the merger, the purchaser shall review the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the merger costs; If the merger cost is still less than the fair value share of the acquiree's identifiable net assets obtained in the merger after review, the difference shall be included in the current profit and loss.

Suppose a parent-subsidiary relationship is formed through a business merger. In that case, the parent company shall prepare a consolidated balance sheet on the purchase date, and the identifiable assets, liabilities, and contingent liabilities of the purchased party acquired due to the business merger shall be listed at fair value.

(6) Preparation method of consolidated financial statements

1. Principles for determining the scope of consolidation

The scope of consolidation in consolidated financial statements is determined based on control. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

The parent company includes all subsidiaries it controls in the scope of the consolidated financial statements. At the same time, although the parent company owns half or less of the voting rights of the invested unit, through some arrangement, the parent company can control the invested unit, and the invested unit will be recognized as a subsidiary and included in the scope of the consolidated financial statements. However, this is accepted if there is evidence that the parent company cannot control the investee.

For special purpose entities over which the company has control as a sponsor or operating entities that have control through entrusted operations or leases, the parent company will also include them in the scope of the consolidated financial statements.

2. Preparation method of consolidated financial statements

The consolidated financial statements are based on the individual financial statements of the parent company and the subsidiaries included in the consolidation scope. They are based on other relevant information and are prepared by the parent company. During the merger, internal equity investments and subsidiary owners' equity, internal investment income and subsidiary profit distributions, internal transactions, and internal claims and debts are offset.

3. Presentation of non-controlling shareholders' interests and profits and losses
The share of non-controlling shareholders' equity in the current period's net profit and loss of a subsidiary is listed as the "non-controlling shareholders' profit and loss" item under the net profit item in the consolidated income statement.

The share of non-controlling shareholders' equity in the owner's equity of a subsidiary is listed as "non-controlling shareholders' equity" under the owner's equity item in the consolidated balance sheet.

4. Handling of excess losses
In the consolidated financial statements, if the current losses shared by non-controlling shareholders of a subsidiary exceed the non-controlling shareholders' share of the opening owner's equity of the subsidiary, the balance should still be offset against non-controlling shareholders' equity.

5. Processing of consolidated statements for adding or reducing subsidiaries in the current period
Suppose the parent company adds subsidiaries due to a business combination under common control during the reporting period. In that case, the opening balance of the consolidated balance sheet will be adjusted when it is prepared. For subsidiaries added due to a business combination not under common control, the opening balance of the consolidated balance sheet will not be adjusted when preparing the consolidated balance sheet.

When the parent company disposes of its subsidiaries during the reporting period and prepares the consolidated balance sheet, it does not adjust the opening balance of the consolidated balance sheet.

Suppose the parent company adds a subsidiary due to a business merger under common control during the reporting period. In that case, the consolidated income statement will include the subsidiary's income, expenses, and profits from the beginning of the current period to the end of the reporting period. The cash flow of the subsidiary from the beginning of the current period to the end of the reporting period will be included. Incorporated into the consolidated cash flow statement.

Suppose the parent company adds a subsidiary due to a business combination not under common control during the reporting period. In that case, the income, expenses, and profits from the subsidiary's acquisition date to the end of the reporting period will be included in the consolidated income statement. The cash flow from the date of acquisition of the subsidiary to the end of the reporting period will be included in the consolidated income statement. Consolidated Cash Flow Statement.

When the parent company disposes of a subsidiary during the reporting period, the subsidiary's income, expenses, and profits from the beginning to the date of disposal will be included in the consolidated income statement. The cash flow of the subsidiary from the beginning of the period to the date of disposal will be included in the consolidated cash flow statement.

6. Unification of accounting policies and accounting periods of the parent company and subsidiaries
The parent company unifies the accounting policies and periods adopted by the subsidiaries so that the accounting policies and periods adopted by the subsidiaries are consistent with those of the parent company.

Suppose the accounting policies adopted by a subsidiary are inconsistent with those of the parent company. In that case, necessary adjustments will be made to the subsidiary's financial statements according to the parent company's accounting policies, or the subsidiary will be required to prepare separate financial statements according to the parent company's accounting policies.

If the subsidiary's accounting period is inconsistent with that of the parent company, the subsidiary's financial statements should be adjusted according to the parent company's accounting period, or the subsidiary should be required to prepare separate financial statements according to the parent company's accounting period.

(7) Cash and cash equivalents
When making a cash flow statement, the cash and cash equivalents of the comprise means deposits that can be readily drawn on demand and short-term (within 3 months), highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign operations and foreign currency translation
1. Foreign currency business
When the Company's foreign currency business initially occurs, the foreign currency amount is converted into the accounting functional currency using the spot exchange rate on the transaction date.

On the balance sheet date, the balance of foreign currency monetary items is translated using the spot exchange rate. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date, Except for exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated by the principle of capitalization of borrowing costs, they are all included in the current profits and losses. Foreign currency non-monetary items measured at historical cost are converted using the spot exchange rate on the transaction date without changing the amount in the recording currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The exchange difference arises from the difference between the spot exchange rate when the fair value is determined and the spot exchange rate at the time of initial recognition or the previous balance sheet date. , included in current profit or loss or other comprehensive income.

2. Conversion of foreign currency statements

Assets and liability items in the balance sheet of overseas operations are translated at the spot exchange rate on the balance sheet date; owners' equity items, except for the "undistributed profits" items, are translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements resulting from the above translation shall be presented separately under the owner's equity item on the balance sheet. The cash flow statement is translated using the spot exchange rate on the date when the cash flow occurs. The impact of exchange rate changes on cash is presented separately in the cash flow statement as an adjustment item.

Foreign currency monetary items that essentially constitute a net investment in a subsidiary are reflected in the accounting functional currency of the parent company or subsidiary, and the exchange differences arising from the foreign currency monetary items are transferred to "foreign currency statement translation differences."

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the spot exchange rate on the date when the cash flows occur.

When disposing of an overseas operation, the translation difference of the foreign currency financial statements listed under the owner's equity item in the balance sheet and related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of the disposal; for partial disposal of the overseas operation, the difference shall be transferred according to the disposal The foreign currency financial statement translation difference of the disposal part is calculated according to the proportion and transferred to the current profit and loss of the disposal.

(9) Financial instruments

A financial asset or liability is recognized when the Company becomes a party to a financial instrument contract.

1. Classification, recognition, and measurement of financial assets

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company divides financial assets into financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, financial assets measured at fair value and whose changes are included in current profits and losses.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss; for other types of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not contain or consider significant financing components, the amount of consideration the company is expected to receive shall be regarded as the initial recognition amount.

① Financial assets measured at amortized cost
The company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows as the goal. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements; the cash flows generated on a specific date are only A payment of principal and interest on the outstanding principal amount. The Company adopts the actual interest rate method for such financial assets and conducts subsequent measurements at amortized cost. The current profits and losses include gains or losses arising from amortization or impairment.

② Financial assets measured at fair value and changes included in other comprehensive income
The Company's business model for managing such financial assets aims at collecting and selling contractual cash flows, and the contractual cash flow characteristics are consistent with the basic lending arrangements. The Company measures such financial assets at fair value, and their changes are included in other comprehensive income. However, impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest method are included in the current profit and loss.

In addition, the Company designates certain investments in non-trading equity instruments as financial assets measured at fair value through other comprehensive income. The company includes the relevant dividend income of this type of financial asset in the current profit and loss, and the changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③ Financial assets measured at fair value and changes included in current profits and losses
The Company classifies financial assets other than the above-mentioned financial assets measured at amortized cost and those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss for the current period. In addition, at the time of initial recognition, to eliminate or significantly reduce accounting mismatches, the Company designated some financial assets as financial assets measured at fair value and whose changes are included in current

profits and losses. For such financial assets, the company uses fair value for subsequent measurement, and changes in fair value are included in the current profit and loss.

2. Classification, recognition, and measurement of financial liabilities

Financial liabilities are classified upon initial recognition into those measured at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value and whose changes are included in current profits and losses

Financial liabilities measured at fair value through profit and loss for the current period include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit and loss for the current period upon initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for those related to hedging accounting, changes in fair value are included in current profits and losses.

Suppose a financial liability is designated as a financial liability at fair value through profit or loss for the current period. In that case, changes in the liability's fair value caused by changes in the company's credit risk will be included in other comprehensive income. When the liability is derecognized, it will be included in other comprehensive income. The accumulated changes in fair value caused by changes in its own credit risk are transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If handling the impact of changes in the credit risk of such financial liabilities in the above manner will cause or expand accounting mismatches in profits and losses, the company will treat all gains or losses from the financial liabilities (including the impact of changes in the company's own credit risk) as amount) shall be included in the current profit and loss.

② Other financial liabilities

Except for financial liabilities and guarantee contracts arising from the transfer of financial assets that do not meet the conditions for termination of recognition or continued involvement in the transferred financial assets, other financial liabilities are classified as liabilities measured at amortized cost and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the current profits and losses.

3. Recognition basis and measurement method of financial asset transfer

Financial assets that meet one of the following conditions shall be derecognized: ① the contractual right to receive the cash flow of the financial asset terminates; ② the financial asset has been transferred, and almost all risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ the financial asset has been transferred. Although the enterprise neither transfers nor retains almost all risks and rewards of ownership of the financial asset, it has given up control.

Suppose the enterprise neither transfers nor substantially retains all the risks and rewards of ownership of the financial assets and does not relinquish control. In that case, the relevant financial assets will be recognized to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities will be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

Suppose the overall transfer of financial assets meets the conditions for derecognition. In that case, the difference between the balance between the book value of the transferred financial assets, the sum of the consideration received for the transfer, and the cumulative amount of changes in fair value originally included in other comprehensive income will be included in the current profit and loss.

Suppose the partial transfer of financial assets meets the conditions for derecognition. In that case, the book value of the transferred financial assets will be apportioned between the derecognized and non-derecognized parts according to their relative fair values. The consideration received for the transfer will be apportioned to the difference between the sum of the accumulated changes in fair value originally included in other comprehensive income and the above amount apportioned for the derecognized part, which is included in the current profit and loss.

When the company sells financial assets with recourse or endorses and transfers financial assets it holds, it needs to determine whether substantially all the risks and rewards of ownership of the financial assets have been transferred. If almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards of the ownership of the financial asset have been retained, the recognition of the financial asset shall not be deactivated; there is no transfer If it does not retain substantially all the risks and rewards of ownership of a financial asset, it will continue to determine whether the enterprise retains control over the asset and perform accounting treatment according to the principles described in the previous paragraphs.

4. Termination of recognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the company (borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability will be terminated and recognized at the same time. Item new financial liabilities. Suppose the company substantially modifies the original financial liability contract terms (or part thereof). In that case, it will terminate the recognition of the original financial liability and recognize a new financial liability by the modified terms.

Suppose financial liability (or part thereof) is derecognized. In that case, the Company will include the difference between its book value and the consideration paid (including non-cash assets transferred out of our liabilities assumed) into the current profit and loss.

5. Offset of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and the legal right is currently enforceable, and the company plans to settle on a net basis or realize the financial assets and pay off the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Determination method of fair value of financial assets and financial liabilities

Fair value refers to the price received from selling an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the Company determines its fair value using the quoted price in the active market. Quotes in active markets refer to prices easily obtainable regularly from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices of market transactions that occur in fair transactions. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions between parties familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow methods and option pricing models, etc. When valuing, the company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information and selects assets or liabilities that are consistent with the characteristics of the assets or liabilities that market participants consider in transactions of related assets or liabilities. Input values prefer relevant observable input values whenever possible. Non-imputable values are used when the relevant observable input values cannot be obtained or are impracticable.

7. Equity instruments

Equity instruments are contracts that evidence ownership of a residual interest in the Company's assets after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments is treated as a change in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they will be treated as profit distribution.

(10)Impairment of financial assets

The financial assets the company needs to confirm impairment losses are those measured at amortized cost and debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, and other receivables. Collection etc. In addition, impairment provisions are made for some financial guarantee contracts, and credit impairment losses are recognized by the accounting policies described in this section.

1. Recognition method of impairment provision

Based on expected credit losses, the Company makes impairment provisions. It recognizes credit impairment losses for the above items by its applicable expected credit loss measurement method (general or simplified).

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the company, discounted at the original actual interest rate, that is, the present value of all cash shortfalls. Among them, for purchased or originated financial assets that have suffered credit impairment, the company discounts them according to the credit-adjusted actual interest rate of the financial assets.

The general method for measuring expected credit losses means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the company shall assess the credit risk equivalent to Loss provisions are measured based on the number of expected credit losses during the entire duration; if the credit risk has not increased significantly since initial recognition, the company measures loss provisions based on an amount equivalent to expected credit losses within the next 12 months. The Company considers all reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the company assumes that its credit risk has not increased significantly since initial recognition and chooses to measure loss provisions based on expected credit losses within the next 12 months/does not choose the simplified treatment method, based on whether its credit risk has increased significantly since initial recognition. The amount of expected credit losses in the next 12 months or the entire duration is used to measure loss provisions.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

Suppose the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability within the expected duration determined at initial recognition. In that case, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk in the next 12 months as a reasonable estimate of the change in default risk during the entire duration to determine whether credit risk has increased significantly since initial recognition.

The company will consider the following factors (but not limited to) when assessing whether credit risk has increased significantly:

1) Whether the debtor's actual or expected operating results have changed significantly.

2) Whether there have been significant adverse changes in the regulatory, economic, or technological environment in which the debtor operates.

3) Whether there has been a significant change in the value of the collateral used for the debt or the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the debtor's economic motivation to repay within the contract's specified time limit or affect the probability of default.

4) Whether the debtor's expected performance and repayment behaviour have changed significantly.

5) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of the financial instrument is low, the borrower can fulfill its contractual cash flow obligations in the short term. Even if there are adverse changes in the economic situation and operating environment in the longer term, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations. , the financial instrument is considered to have lower credit risk.

3. Determination criteria for credit-impaired financial assets: When one or more events that hurt a financial asset's expected future cash flows occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information (but is not limited to):

1) The issuer or debtor encounters major financial difficulties.

2) The debtor violates the contract, such as default or overdue payment of interest or principal.

3) The creditor grants concessions to the debtor that the debtor would not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.

4) The debtor will likely go bankrupt or undergo other financial reorganization.

5) Financial difficulties of the issuer or debtor cause the active market for the financial asset to disappear.

6) Purchase or originate a financial asset at a substantial discount that reflects credit losses have occurred.

Credit impairment of financial assets may be caused by the combined effect of multiple events and may not be caused by an individually identifiable event.

4. Portfolio method to assess expected credit risk on a portfolio basis
The company evaluates the credit risk of financial assets with significantly different credit risks individually, such as accounts receivable from related parties within the scope of consolidation, accounts receivable that are in dispute with the other party or involved in litigation or arbitration; there are obvious signs that the debtor is likely to Accounts receivable that cannot fulfill their repayment obligations, etc.

In addition to financial assets for individual credit risk assessment, the Company divides financial assets into portfolios based on common risk characteristics. The common credit risk characteristics adopted by the Company include financial instrument type, credit risk rating, aging portfolio, etc., based on the portfolio to assess credit risk.

5. Accounting treatment method for impairment of financial assets
The Company calculates the estimated credit losses of various types of financial assets. If the estimated credit losses are greater than the current carrying amount of impairment provisions, the difference will be recognized as impairment losses; if it is less than the current carrying amount of impairment provisions, the difference will be recognized as impairment gains.

6. Methods for determining credit losses of various financial assets
The Company evaluates the expected credit losses of financial instruments individually and collectively. The Company considers the credit risk characteristics of different customers and evaluates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

① Notes receivable
The Company measures loss provisions for notes receivable based on an amount equivalent to the expected credit losses during the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Item	The basis for determining the combination
Bank acceptance	The acceptor is a bank with less credit risk.
Commercial acceptance	Different combinations are divided according to the credit risk characteristics of the acceptor, based on the same "accounts receivable."

② Accounts receivable

For receivables that do not contain significant financing components, the Company measures loss provisions based on an amount equivalent to the expected credit losses during the entire duration. For receivables that contain significant financing components, the company measures loss provisions based on whether the credit risk has increased significantly since initial recognition and uses the number of expected credit losses in the next 12 months or throughout the duration.

As part of credit risk management, the Company determines the credit losses of debtors with major financial difficulties or business customers with credit decline individually on a single asset basis; for the remaining accounts receivable, the credit losses are determined on a combined basis. For accounts receivable for which bad debt provisions are made based on a combination of credit risk characteristics, the aging of accounts receivable is prepared and compared with the expected credit loss rate for the entire duration, based on reference to historical credit loss experience, current conditions, and predictions of future economic conditions. Table to calculate expected credit losses. The Company's accounts receivable classification:

Item	The basis for determining the combination
Accounts receivable with a single provision for bad debts	The Company conducts separate impairment tests for receivables with a significant single amount. It conducts impairment tests for financial assets with no impairment in separate tests, including in a portfolio of financial assets with similar credit risk characteristics. Receivables for which impairment losses have been confirmed in a single test are no longer included in a portfolio with similar credit risk characteristics for impairment testing.
Accounts receivable with bad debt provision based on a combination of credit risk characteristics	
Account age combination	This combination takes the aging of receivables as the credit risk characteristic.
Low credit risk combination	Accounts receivable (accounts receivable and other receivables) from related party companies and government units within the scope of the Company's consolidation. The risk of uncollectible is expected to be low, so such receivables are considered a low-credit risk portfolio.

For the above items:
The Company does not accrue bad debt provisions for related party portfolios in low credit risk portfolios.

For the government sector portfolio in the low credit risk portfolio, the Company accrues bad debt provisions at 0.1%.

Comparison table of aging of accounts receivable-credit risk characteristics combination and expected credit loss rate throughout duration:

Aging	Expected credit loss rate (%)
Within 1 year (including 1 year)	1
1—2 years	5
2—3 years	10
3—4 years	30
4—5 years	50
More than 5 years	100

③ Other receivables

The Company assesses on each balance sheet date whether its credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage. The amount of expected credit losses is used to measure loss provisions. The specific measurement method is to determine credit losses on a combination basis and make provision for bad debts for other receivables based on combinations of credit risk characteristics concerning historical credit loss experience, current conditions, and future economic expectations. Based on the status forecast, prepare a comparison table between the ageing of other receivables and the expected credit loss rate throughout the duration to calculate the expected credit losses. Please refer to the above for the comparison table between the aging of the specific credit risk characteristics combination and the expected credit loss rate throughout the duration. ② If the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and the company will measure the loss provision at an amount equivalent to the expected credit losses during the entire duration; if credit impairment occurs after initial recognition If it is impaired, it is in the third stage, and the company measures the loss provision based on an amount equivalent to the expected credit loss during the entire duration. For financial instruments with only low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition.

④ Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤ Other debt investments

Other debt investments include bond investments measured at fair value, whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥ Long-term receivables (except receivables containing significant financing components and lease receivables)

The Company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses within the next 12 months or the entire duration.

(11) Inventories

1. Classification of inventory

Inventories refer to the finished products or commodities held by the Company for sale in daily activities, products in the production process, raw materials consumed in the production process or the provision of labour services, development costs, contract performance costs, low-cost Valuable consumables, inventory items, etc.

2. Valuation method for issued inventory

The Company's inventories are recorded at the actual cost at the time of acquisition; low-value consumables are amortized once upon receipt; contract performance costs and development costs are carried forward using the individual valuation method; other costs are carried forward based on the weighted average method when issued.

3. Basis for determining the net realizable value of inventories and method of accruing inventory depreciation reserves

On the balance sheet date, inventories are measured at a lower cost and net realizable value.

Net realizable value refers to the estimated inventory selling price in daily activities minus the costs incurred upon completion, estimated sales expenses, and related taxes.

The specific methods for determining the net realizable value of different inventories are as follows:

① Inventories of finished goods, commodities and materials for sale that are directly used for sale shall be determined based on the estimated selling price of the inventory minus the estimated sales expenses and related taxes during the normal production and operation process. Net realizable value.

② For materials inventory that needs to be processed in the normal production and operation process, the amount is determined based on the estimated selling price of the finished products minus the estimated costs to be incurred upon completion, the estimated sales expenses and relevant taxes. Net realizable value.

③ On the balance sheet date, if part of the same inventory has a contract price and other parts do not have a contract price, the net realizable value shall be determined respectively and compared with its corresponding cost to determine the accrual or transfer of inventory depreciation reserves. The amount returned. For inventories held for the execution of sales contracts or service contracts, the net realizable value is calculated based on the contract price. Suppose the quantity of inventory held by the enterprise is greater than the quantity ordered in the sales contract. In that case, the net realizable value of the excess inventory shall be calculated based on the general sales price.

The Company accrues inventory depreciation reserves based on individual inventory items on the balance sheet date. Inventory depreciation provisions are made according to the inventory category for large quantities and low unit prices for inventories. The company provides inventory depreciation for the difference between the net realizable value of the inventory and the book value, which is included in the current profit and loss. Suppose the inventory value recovers in subsequent periods. In that case, the amount of the inventory depreciation reserve originally accrued will be reversed, and the reversed amount will be included in the current profit and loss.

4. Inventory system

The Company's inventory adopts the perpetual inventory system.

5. Amortization method for low-value consumables and packaging materials

Low-value consumables and packaging materials are valued at actual cost when they are obtained and are accounted for using the one-time amortization method when they are used.

(12) Contract assets

If the Company has transferred goods or services to customers and has the right to receive consideration, and the right depends on factors other than the passage of time, it is recognized as a contract asset. The Company's unconditional (i.e., subject only to the passage of time) right to receive customer consideration is presented separately as receivables.

The Company conducts impairment accounting for contract assets based on expected credit losses and recognizes loss provisions. The Company uses an impairment matrix to determine the expected credit loss provisions for contract assets. The Company determines the corresponding proportion of loss provisions based on various types of contracts with similar risk characteristics. The impairment matrix is determined based on the Company's historical overdue ratio. The Company measures the loss provisions for contract assets at a rate of 0.05% of the closing balance.

(13) Long-term equity investments

Long-term equity investment is divided into long-term equity investment in subsidiaries, long-term equity investment in joint ventures, and long-term equity investment in associates.

1. Determination of investment cost

The investment cost of a long-term equity investment formed by a business merger shall be determined by the following provisions:

① For long-term equity investments formed by the merger of enterprises under common control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the book value of the owner's equity of the merged party shall be calculated on the date of the merger. A share of value is the investment cost of a long-term equity investment. The difference between the investment cost of long-term equity investment and the consideration paid shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.

② For long-term equity investments formed by business combinations, not under common control, the purchaser shall use the merger cost determined on the purchase date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party. For business mergers achieved step by step through multiple exchange transactions, the merger cost is the sum of the costs of each transaction. If the merger contract stipulates future events that may affect the merger costs, if it is estimated that the future events are likely to occur on the purchase date and the amount of the impact on the merger costs can be measured reliably, they will also be included in the merger costs.

③Except for long-term equity investments formed through business mergers, the investment cost of long-term equity investments obtained through other means shall be determined by the following provisions:

For long-term equity investments obtained by paying cash, the actual purchase price paid will be used as the initial investment cost.

Investment costs include fees, taxes and other necessary expenses directly related to obtaining long-term equity investment.

The long-term equity investment obtained by issuing equity securities shall be regarded as the investment cost according to the fair value of the equity securities issued; the long-term equity investment invested by the investor shall be regarded as the investment cost according to the value stipulated in the investment contract or agreement, but the value stipulated in the contract or agreement shall not be except what is fair.

For long-term equity investments obtained through the exchange of non-monetary assets, if the investment has commercial substance and the fair value of the assets exchanged or exchanged can be measured, the fair value of the assets exchanged and related taxes will be regarded as the investment cost; The difference between the fair value and the book value of the assets traded out is included in the current profit and loss; if the exchange of non-monetary assets does not meet the above two conditions at the same time, the book value of the assets swapped out and related taxes will be regarded as the investment cost;

For long-term equity investments obtained through debt restructuring, the investment cost is the fair value of the equity acquired; the difference between the investment cost and the book value of the debt is included in the current profit and loss.

When acquiring a long-term equity investment, if the investment cost includes cash dividends or profits that have been declared but not yet distributed, they will be deducted and measured separately.

For investments in associates or joint ventures, if the investment cost is greater than the fair value share of the investee's identifiable net assets that should be enjoyed at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the investment cost is less than the investment, the share of the investee's share of the fair value should be The difference between the fair value of identifiable net assets shall be included in the current profit and loss.

2. Subsequent measurement and profit and loss recognition methods

① The Company's long-term equity investment in subsidiaries is accounted for using the cost method in individual financial statements and adjusted according to the equity method when preparing consolidated financial statements.

In the consolidated financial statements, when the company purchases non-controlling shareholders' equity in a subsidiary, the newly acquired long-term equity investment is equal to the share of the subsidiary's identifiable net assets calculated continuously from the date of purchase (or merger date) based on the newly added shareholding ratio. If the balance of the capital reserve (capital premium or equity premium) is insufficient for offset, the retained earnings will be adjusted.

Under the cost method, long-term equity investments accounted for using the cost method are valued at the initial investment cost, and the cost of the long-term equity investment is adjusted for additional investment or withdrawal of investment.

When the invested unit declares to distribute cash dividends or profits, in addition to the actual price paid when acquiring the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration, the investing enterprise shall enjoy the cash dividends declared and distributed by the invested unit as or profit recognition as investment income.

② The Company's long-term equity investments with joint control or significant influence on the investee are accounted for using the equity method.

Under the equity method, after the company obtains a long-term equity investment, on the balance sheet date, it shall recognize investment income and other comprehensive income, respectively, according to its share of the net profit or loss and other comprehensive income realized by the investee, and adjust the long-term The book value of the equity investment; the company calculates its share based on the profits or cash dividends declared by the investee, and accordingly reduces the book value of the long-term equity investment; when the company confirms its share of the investee's net profit or loss, it obtains the investment Based on the fair value of the investee's identifiable assets at the time, the net profit of the investee is adjusted and recognized.

Unrealized gains and losses from internal transactions between the company and its associates and joint ventures are offset by the portion attributable to the company calculated based on the shareholding ratio, and investment gains and losses are recognized on this basis.

Suppose the accounting policies and periods adopted by the invested unit are inconsistent with those of the investor. In that case, the financial statements of the invested unit shall be adjusted by the investor's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly.

When the company confirms that it should share the losses incurred by the invested unit, it shall proceed in the following order: First, offset the book value of the long-term equity investment. Secondly, suppose the long-term equity investment's book value cannot offset it. In that case, investment losses will continue to be recognized to the extent of the book value of other long-term interests that essentially constitute a net investment in the invested unit, and the book value of long-term receivable items, etc., will be offset. Finally, after the above processing, if the enterprise still bears additional obligations according to the investment contract or agreement, estimated liabilities will be recognized based on the estimated obligations and included in the current investment losses. Suppose the invested unit realizes profits in the subsequent period. In that case, the company will process it in the reverse order of the above after deducting the unrecognized loss-sharing amount, writing down the book balance of the recognized estimated liabilities, and restoring other assets that constitute a net investment in the invested unit. The book value of long-term equity and long-term equity investments is recognized simultaneously as investment income.

For changes in the owner's equity of the invested unit other than net profit and loss, as well as other comprehensive income and profit distribution, the book value of the long-term equity investment should be adjusted and included in the owner's equity.

③ Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between its book value and the actual price obtained shall be included in the current profit and loss. If a long-term equity investment accounted for using the equity method is included in the owner's equity due to other changes in the owner's equity of the investee other than net profits and losses, when the investment is disposed of, the portion originally included in the owner's equity shall be transferred in a corresponding proportion, into current profit and loss.

In the consolidated financial statements, when the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal price and the subsidiary's net assets corresponding to the disposal of the long-term equity investment is included in the owner's equity.

3. Basis for determining joint control and significant influence on the invested unit

The Company that can exercise control over the invested units are the Company's subsidiaries. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

A joint venture in which the Company and other parties can exercise joint control over the investee is a joint venture of the Company. Joint control refers to the shared control over an arrangement by relevant agreements, and the relevant activities of the arrangement must be decided only with the unanimous consent of the participants sharing control rights.

The Company that can significantly influence the invested units are the Company's associates. Significant influence means that the investor has the power to participate in decision-making on the financial and operating policies of the investee. Still, it cannot control or jointly control the formulation of these policies with other parties. When determining whether it can significantly influence the invested unit, potential voting rights factors such as current convertible corporate bonds and current executable warrants held by the investor and other parties should be considered.

4. Impairment testing method and impairment provision accrual method

On the balance sheet date, if there are signs of impairment of a long-term equity investment due to continued decline in market price or deterioration in the operating conditions of the investee, etc., the net amount of the long-term equity investment less disposal costs will be calculated based on the net amount of the long-term equity investment minus the disposal costs and the estimated future The higher of the present value of the cash flows determines the recoverable amount of the long-term equity investment. When the recoverable amount of a long-term equity investment is lower than the book value, the asset's book value is reduced to the recoverable amount, and the write-down amount is recognized as an asset impairment loss and included in the current profit and loss. At the same time, the corresponding long-term equity investment deduction is accrued. Value prepared. Once the long-term equity investment impairment loss is recognized, it will not be reversed in subsequent accounting periods.

(14)Investment Properties

1. Types of investment properties

Investment properties refers to real estate held to earn rent, capital appreciation, or both. The investment properties can be measured and sold separately, including ① leased land use rights; ② held and prepared for appreciation Land use rights transferred later; ③ Buildings that have been leased.

2. Measurement model of investment properties

Investment properties is initially measured based on the cost when acquired. On the balance sheet date, the Company adopts the fair value model for subsequent measurement of investment properties.

3. When the Company has conclusive evidence that the purpose of the real estate has changed, and when the investment properties is converted into self-use real estate or inventory, the fair value on the conversion date shall be regarded as the book value of the self-use real estate. The difference between the fair and original book values shall be included in the current profit and loss. When a company converts self-use real estate or inventory into investment properties, the investment properties is valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; the fair value on the conversion date is greater than the original book value. Value: the difference shall be included in the owner's equity.

The difference between the disposal income from the sale, transfer, scrapping or damage of investment properties after deducting its book value and relevant taxes is included in the current profit and loss.

4. Conversion of investment properties

When the Company changes the use of investment properties, it will transfer the relevant real estate to other assets and use the book value of the investment properties before conversion as the entry value of other assets after the conversion.

(15) Fixed assets

1. Conditions for confirmation of fixed assets

The Company's fixed assets refer to tangible assets for producing goods, providing labour services, leasing or operation and management with a useful life of more than one accounting year. Fixed assets are recognized when the following conditions are met at the same time:

① The economic benefits related to the fixed asset are likely to flow into the enterprise;

② The cost of the fixed asset can be measured reliably.

2. Classification of fixed assets

The company's fixed assets are classified into houses and buildings, machinery and office equipment, transportation equipment, and electronic equipment.

3. Initial measurement of fixed assets

Fixed assets are initially measured based on actual cost when acquired.

The cost of outsourced fixed assets is determined based on the purchase price, relevant taxes, transportation fees, loading and unloading fees, installation fees and professional service fees attributable to the asset that occur before the fixed asset reaches its intended usable condition.

Suppose the purchase price of a fixed asset is deferred beyond normal credit conditions and is essentially financing in nature. In that case, the cost of the fixed asset shall be determined based on the present value of the purchase price.

The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the asset reaches its intended usable condition.

Debt restructuring obtains the fixed assets used by the debtor to pay off debts, determines its entry value based on the fair value of the fixed assets, and records the difference between the book value of the restructured debt and the fair value of the fixed assets used to pay off debts into the current period. Profit and loss.

Under the premise that the exchange of non-monetary assets has commercial substance and the fair value of the assets exchanged or exchanged can be reliably measured, the entry value of the fixed assets exchanged shall be determined based on the fair value of the assets exchanged unless there is conclusive evidence. It shows that the fair value of the assets exchanged is more reliable; for non-monetary asset exchanges that do not meet the above premise, the book value of the assets exchanged, and the relevant taxes payable shall be regarded as the cost of the fixed assets exchanged.

4. Depreciation methods for various types of fixed assets

The estimated residual value rate, depreciation life and annual depreciation rate of various types of fixed assets are as follows:

Types	Depreciation method	Useful life	Salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	Average age method	8—40	3—5	2—12
Machine equipment and office equipment	Average age method	2—15	3—5	6—48.5

Types	Depreciation method	Useful life	Salvage rate (%)	Annual depreciation rate (%)
Transport equipment	Average age method	4－10	3－5	9.5－24.25
Electronic equipment	Average age method	3—5	3－5	19—32

5. Impairment testing method and impairment provision accrual method for fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates its recoverable amount and performs an impairment test. The recoverable amount is determined as the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. The estimated recoverable amount is based on an individual asset. Suppose it is difficult to estimate the recoverable amount of an individual asset. In that case, the recoverable amount of the asset group to which the asset belongs is determined based on the asset group. Provision for fixed asset impairment is made for the difference between the recoverable amount and the book value. Once the provision for impairment of fixed assets is made, it cannot be reversed in subsequent accounting periods.

6. Subsequent expenditures on fixed assets

The company's subsequent expenditure on fixed assets shall be included in the fixed assets when: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② When the cost of the subsequent expenditure can be reliably measured, it shall be included in the fixed assets; if there is any replacement part, the remaining part shall be deducted. Book value. Subsequent expenditures on fixed assets that do not meet the above conditions shall be included in the current profits and losses when incurred.

Improvement expenditures on fixed assets rented under operating leases are capitalized and treated as long-term deferred expenses, which are amortized over a reasonable period.

(16) Construction in progress

1. Category, confirmation, and measurement of projects under construction

Construction in progress refers to various construction and installation projects to construct or repair fixed assets. It is also classified by project establishment, including preliminary construction preparations, ongoing construction projects, installation projects, technical transformation projects, major repair projects, etc.

Projects under construction are recognized when it is likely that economic benefits will flow in and the costs can be measured reliably. Construction in progress is measured based on the costs incurred before the asset reaches its intended usable condition.

2. Standards and timing for transferring construction in progress to fixed assets

For projects under construction, the necessary expenditures incurred before the asset reaches its intended usable state shall be regarded as the recorded value of the fixed assets. Suppose the fixed assets under construction have reached the intended usable state, but the final accounts for completion have not yet been processed. In that case, the estimated value will be transferred to fixed assets based on the project budget, cost, or actual project cost from when it reaches the intended usable state. Assets and depreciation of fixed assets will be accrued by the company's fixed asset depreciation policy. After the completion of the final accounts, the original tentative estimated value will be adjusted based on the actual cost, but the originally accrued depreciation amount will not be adjusted.

3. Impairment test method and impairment provision accrual method for projects under construction

On the balance sheet date, if there are signs of impairment for a single project under construction, the Company estimates its recoverable amount and performs an impairment test. Provision for impairment of construction in progress is made for the difference between the recoverable amount and the book value. Once the impairment provision for construction in progress is made, it cannot be reversed in subsequent accounting periods.

(17) Borrowing costs

1. Recognition principles for capitalization of borrowing costs

Borrowing costs refer to the company's interest and other related costs due to borrowing or issuing corporate bonds, including borrowing interest, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings.

If the borrowing costs incurred by the company can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and shall be included in the cost of the relevant assets, into current profit and loss.

2. Capitalization period of borrowing costs

When borrowing costs meet the following conditions at the same time, capitalization begins:

① Asset expenditures have occurred. Asset expenditures include cash payments, transfers of non-cash assets or interest-bearing debts for acquiring, constructing, or producing assets that meet capitalization conditions.

② The borrowing costs have been incurred;

③ The necessary purchase, construction, or production activities have begun to bring the asset to its intended usable or salable state.

3. Period of suspension of capitalization of borrowing costs

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended; the borrowing costs incurred during the interruption will be recognized as current expenses until the acquisition of the asset. Construction or production activities to restart.

If the interruption is necessary for the acquired, constructed, or produced assets that meet the capitalization conditions to reach the intended usable or salable state, the capitalization of borrowing costs shall continue.

4. Borrowing costs cease to be capitalized

When the assets purchased, constructed, or produced meet the capitalization conditions and reach the intended usable or salable state, the capitalization of borrowing costs will cease.

Borrowing costs incurred after the assets that meet the capitalization conditions reach the intended usable or salable state are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

5. Capitalized amount of borrowing costs

Suppose a special loan is borrowed to purchase, construct, or produce assets that meet the capitalization conditions. In that case, the interest expense incurred on the special loan in the current period shall be deducted from the interest income obtained from depositing the unused borrowed funds in the bank or the investment obtained from a temporary investment. The amount after income is determined and included in the cost of assets qualifying for capitalization during the period.

Suppose general borrowings are taken up for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the company will calculate and determine whether the general borrowings should be paid based on the weighted average of the asset disbursements that exceed the special borrowings multiplied by the capitalization rate of the general borrowings occupied. The amount of capitalized interest.

Ancillary expenses incurred by special borrowings, which are incurred before the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or salable state, shall be capitalized according to the amount incurred when incurred and included in the assets that meet the capitalization conditions. The cost of an asset incurred after the purchased, constructed, or produced asset meets the capitalization conditions and reaches its intended usable or salable state shall be recognized as an expense based on the amount incurred when incurred. It shall be included in the current profit and loss.

Ancillary expenses incurred for general borrowings are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

(18) Right-of-use assets

The company initially measures right-of-use assets at cost, which includes:

1. The initial measurement amount of the lease liability.
2. For lease payments paid on or before the start date of the lease period, if there are lease incentives, the amount related to the lease incentives already enjoyed will be deducted.
3. Initial direct costs incurred by the company.
4. The costs the company expects to incur to dismantle and remove the leased assets, restore the site where the leased assets are located, or restore the leased assets to the state agreed upon in the lease terms (excluding costs incurred to produce inventories).

After the start date of the lease period, the Company adopts the cost model for subsequent measurement of right-of-use assets.

Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Suppose it is not reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation during the shorter of the lease term and the remaining useful life of the leased asset. For right-of-use assets for which impairment provisions have been made, depreciation will be made in future periods based on the book value after deducting impairment provisions by the above principles.

(19) Intangible assets

1. Recognition conditions for intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the identifiable standard in the definition of intangible assets:

① Can be separated or divided from the enterprise sold, transferred, licensed, leased or exchanged alone or with related contracts, assets or liabilities.

② Derived from contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:

① The economic benefits related to the intangible assets are likely to flow into the enterprise;

② The cost of the intangible asset can be measured reliably.

2. Valuation and classification of intangible assets

Intangible assets are initially measured based on actual cost.

For self-developed intangible assets, the cost includes the total expenditure incurred from when the intangible assets recognition conditions are met until the intended use is achieved. Still, expenditures expensed in previous periods will not be adjusted.

The company's intangible assets include parking space use rights, land use rights, land development rights software, etc.

3. Estimating the useful life of intangible assets with limited service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① The usual life cycle of the products produced using the asset and available information on the service life of similar assets; ② The current situation of technology, processes, etc. and estimates of future development trends; ③ market demand for products produced or services provided by the asset; ④ actions expected to be taken by current or potential competitors; ⑤ expected maintenance expenditures to maintain the ability of the asset to bring economic benefits, And the company's expected ability to pay relevant expenses; ⑥ Relevant legal regulations or similar restrictions on the control period of the asset, such as franchise period, lease period, etc.; ⑦ The correlation with the service life of other assets held by the company, etc.

4. Amortization of intangible assets

Intangible assets with limited service life shall be amortized within the service life using a method consistent with the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method is used for amortization.

Intangible assets with indefinite useful lives are not amortized, but the useful lives of the intangible assets are reviewed every year. Suppose there is evidence that the useful life of an intangible asset is limited. In that case, the company estimates its useful life and uses the straight-line method to amortize it over its useful life.

5. Intangible asset impairment testing method and impairment provision accrual method

On the balance sheet date, if a single intangible asset has signs of impairment, the company estimates its recoverable amount and performs an impairment test. Provision for impairment of intangible assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is made, it cannot be reversed in subsequent accounting periods.

6. Specific standards for the research stage and development stage of internal research and development projects

The research stage refers to a planned investigation period to obtain new technologies and knowledge, etc., and has the following characteristics:

The research stage is based on the planned investigation; the research and development project has been approved by the company's board of directors or relevant management, and the collection of relevant information and market research, etc., has begun. The exploratory research phase prepares data and related aspects for further development activities. This phase will not produce phased results.

The development stage refers to applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use. Has the following characteristics:

The development phase is based on the research phase and, therefore, targets the project's development. R&D projects that have entered the development stage are often more likely to produce results.

7. Development phase expenditures meet specific standards for capitalization conditions
Expenditures incurred during the research phase of the company's internal research and development projects are included in the current profits and losses when incurred. Expenditures incurred during the development phase of the company's internal research and development projects shall be recognized as intangible assets if they meet the following conditions:

① Technically, completing the intangible asset to be used or sold is technically feasible.
② Have the intention to complete the intangible asset and use or sell it.
The way intangible assets generate economic benefits includes proving that there is a market for the products produced using the intangible assets or that the intangible assets themselves have a market; if the intangible assets are used internally, their usefulness should be proven.
④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.
⑤ The expenditures attributable to the development stage of the intangible asset can be measured reliably.

(20) Impairment of long-term assets
The Company's long-term equity investments in subsidiaries, associates and joint ventures, investment properties, fixed assets, projects under construction, intangible assets, goodwill, etc., are subsequently measured using the cost model (inventories, investments measured using the fair value model Asset impairment (excluding real estate, deferred income tax assets and financial assets) shall be determined according to the following method:

The Company determines whether there are signs of possible impairment of assets on the balance sheet date. If there are signs of impairment, the Company will estimate its recoverable amount and conduct an impairment test. Goodwill formed due to business combinations, intangible assets with indefinite useful lives and intangible assets that have not yet reached a usable state are subject to impairment testing every year regardless of whether there are signs of impairment.

The recoverable amount is determined based on the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's expected future cash flows. The Company estimates the recoverable amount based on a single asset; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. Identifying an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the company will write down its book value to the recoverable amount. The write-down amount will be included in the current profit and loss, and the corresponding asset impairment provision will be made.

As far as the impairment test of goodwill is concerned, the book value of goodwill formed due to a business combination shall be apportioned to the relevant asset group reasonably from the date of purchase; if it is difficult to apportion it to the relevant asset group, it shall be apportioned to the relevant asset group. Related asset group combinations. The relevant asset group or asset group combination is an asset group or asset group combination that can benefit from the synergy effects of the business combination and is no larger than the reporting segment determined by the company.

During impairment testing, if there are signs of impairment in an asset group or combination of asset groups related to goodwill, first conduct an impairment test on the asset group or combination of asset groups that do not include goodwill, calculate the recoverable amount, and confirm the corresponding impairment. Value loss. Then, an impairment test on the asset group or asset group combination containing goodwill will be conducted, and its book value will be compared with the recoverable amount. A goodwill impairment loss is recognized if the recoverable amount is lower than the book value.

Once the asset mentioned above, impairment losses are recognized, they will not be reversed in subsequent accounting periods.

(21) Long-term prepaid expenses

Long-term deferred expenses are recorded based on the actual amount incurred and are amortized evenly over the benefit period or a specified period. If a long-term deferred expense item cannot benefit future accounting periods, all the item's amortized value will be transferred to the current profit and loss.

The Company's improvement expenditures on fixed assets leased under operating leases are capitalized as long-term deferred expenses and amortized evenly over the shorter of the lease life and the remaining useful life of the leased asset.

Other long-term deferred expenses are calculated based on the amount incurred and amortized evenly during the project benefit period.

(22) Payroll and employee benefits payable

Employee compensation refers to various forms of remuneration or compensation given by the company to obtain services provided by employees or to terminate labour relations. Employee compensation includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term salary

Short-term compensation refers to employee compensation that the company must pay in full within twelve months after the end of the annual reporting period, during which employees provide relevant services, excluding post-employment and termination benefits. During the accounting period, when employees provide services, the company recognizes the actual short-term compensation as a liability. It includes the current profit and loss or related asset costs. The Company pays for its employees' medical, work-related injury, maternity, and other social insurance premiums, housing provident funds, labour union funds, and employee education funds withdrawn by regulations. During the accounting period, when employees provide services to the Company, the Company shall do so on the prescribed basis and calculation. The corresponding amount of employee remuneration is determined based on the pro rata calculation.

If employee benefits are non-monetary benefits, they are measured at fair value.

2. post-employment benefits

Post-employment benefits refer to various forms of remuneration and benefits provided by the company to obtain the services provided by employees after the employees retire or terminate the labour relationship with the enterprise, excluding short-term remuneration and dismissal benefits. Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

Defined contribution plan

According to relevant local government regulations, the company pays basic social pension insurance, unemployment insurance, etc., for its employees. During the accounting period, when employees provide services to the company, the deposit amount payable calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or related asset costs.

Defined benefit plan

Post-employment benefit defined benefit plans mainly provide clear and standard extra-coordinated benefits paid to retirees and living expenses paid to the survivors of deceased employees, etc. The company attributes the welfare obligations arising from the defined benefit plan to the period employees provide services based on the formula determined by the expected cumulative welfare unit method. It includes them in the current profit and loss or related asset costs.

The deficit or surplus formed by deducting the present value of the defined benefit plan obligations from the fair value of the defined benefit plan assets is recognized as the net liability or net assets of a defined benefit plan. If there is a surplus in the defined benefit plan, the company shall measure the net assets of the defined benefit plan at the lower of the surplus of the defined benefit plan and the asset upper limit.

All defined benefit plan obligations, including obligations expected to be paid within twelve months after the end of the annual reporting period in which employees provide services, are based on Treasury or active debt that matches the term and currency of the defined benefit plan obligation at the balance sheet date. The market yield on high-quality corporate bonds in the market is discounted.

The service costs generated by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or related asset costs; the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive Earnings are not transferred back to profit or loss in subsequent accounting periods.

When the defined benefit plan is settled, the settlement gain or loss is recognized based on the difference between the present value of the defined benefit plan obligations determined on the settlement date and the settlement price.

3. Dismissal benefits

Dismissal benefits refer to the compensation given to employees by the company to terminate the labour relationship with employees before the expiration of the employee's labour contract or to encourage employees to voluntarily accept layoffs, which are included in the current profit and loss in the current period. When the company cannot unilaterally withdraw the dismissal benefits provided by the termination of labour relationship plan or redundancy proposal, or when it recognizes the costs or expenses related to the restructuring involving the payment of dismissal benefits (whichever is earlier), the employees recognized by the dismissal benefits will be recognized. Salary liabilities are included in the current profit and loss.

4. Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except short-term salary, post-employment benefits, and termination benefits, including long-term paid absences, long-term disability benefits, long-term profit-sharing plans, etc.

(23) Contract liabilities

The Company recognizes the portion of the obligation to transfer goods or services to customers for consideration received or receivable from customers as contract liabilities.

(24) Lease Liabilities

The Company initially measures lease liabilities based on the present value of the unpaid lease payments on the start date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. Lease payments include:

1. After deducting the amount related to the lease incentive, the fixed payment amount, and the actual fixed payment amount.
2. Variable lease payments that depend on an index or ratio.
3. When the Company is reasonably certain that the option will be exercised, the lease payment includes the exercise price of the purchase option.
4. When the lease term reflects that the company will exercise the option to terminate the lease, the lease payment includes the amount required to exercise the option to terminate the lease.
5. The amount expected to be paid is based on the residual value of the guarantee provided by the company.

The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed discount rate. It includes the current profit and loss or related asset costs.

Variable lease payments not included in the measurement of lease liabilities should be included in the current profit and loss or related asset costs when incurred.

(25) Preferred shares, perpetual debts, and other financial instruments

1. The distinction between perpetual bonds and preference shares

Financial instruments such as perpetual bonds and preference shares issued by the company are regarded as equity instruments if they meet the following conditions:

① The financial instrument does not include contractual obligations to deliver cash or other financial assets to other parties or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If the financial instrument must or can be settled with the enterprise's equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its equity instruments for settlement; if it is a derivative instrument, this financial instrument shall A company may only settle a financial instrument by exchanging a fixed number of its equity instruments for a fixed amount of cash or other financial assets.

In addition to financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the company should be classified as financial liabilities.

Suppose the financial instrument issued by the company is a compound financial instrument. In that case, it is recognized as a liability according to the fair value of the liability component, and the amount received after deducting the fair value of the liability component is recognized as "other equity instruments." Transaction costs incurred when issuing composite financial instruments are allocated between the liability and equity components according to their respective proportions of the total issuance price.

2. Accounting treatment methods for perpetual bonds and preferred shares, etc.

Financial instruments such as perpetual bonds and preference shares are classified as financial liabilities, their related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc., except for loans that meet the conditions for capitalization All expenses other than expenses (see Notes IV (17) "Borrowing Expenses" of this Note) are included in the current profit and loss.

When financial instruments such as perpetual bonds and preference shares classified as equity instruments are issued (including refinancing), repurchased, sold or cancelled, the company will treat them as changes in equity, and relevant transaction costs will also be deducted from equity. The company's distribution to equity instrument holders is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

(26) Provisions

If the obligations related to contingencies meet the following conditions simultaneously, the company will recognize them as estimated liabilities.

1. The obligation is a current obligation borne by the enterprise.
2. Fulfilling this obligation will likely cause economic benefits to flow out of the company.
3. The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best expenditure estimate required to fulfill the relevant current obligations. If a range of amounts is required for the expenditure, the best estimate is determined as the average of the upper and lower limits of the range. If there is no range of amounts required for the expenditure required, the best estimate is treated as follows:

1. If the contingency involves a single project, it shall be determined based on the most likely amount.
2. If the contingencies involve multiple projects, they shall be calculated and determined based on various possible outcomes and related probabilities.

Suppose all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party. In that case, the compensation amount will be recognized separately as an asset only when it is certain that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.

(27) Revenue recognition principles and measurement methods

1. Principles of revenue recognition

When the company fulfills its performance obligations in the contract, when the customer obtains control of the relevant goods or services (goods), revenue is recognized based on the transaction price allocated to the performance obligation.

Performance obligations refer to the company's commitment in the contract to transfer distinguishable goods or services to customers.

Obtaining control over relevant goods means directing the use of the goods and obtaining almost all economic benefits.

On the contract commencement date, the company evaluates the contract, identifies each performance obligation contained in the contract, and determines whether each performance obligation is to be performed within a certain period or at a certain point.

When one of the following conditions is met, the performance obligation is fulfilled within a certain period; otherwise, the performance obligation is fulfilled at a certain point in time: 1) The customer obtains and consumes the economic benefits brought by the company's performance while the company performs the contract; 2) The customer can control the goods or services under construction during the company's performance of the contract; 3) The goods or services produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period, the company recognizes revenue based on the performance progress. When the progress of contract performance cannot be reasonably determined, if the costs incurred are expected to be compensated, revenue shall be recognized based on the amount of costs incurred until the progress of contract performance can be reasonably determined.

For performance obligations fulfilled at a certain point in time, revenue is recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the goods, the company considers the following signs: 1) The company has a current right to receive payment for the goods, that is, the customer has a current payment obligation for the goods; 2) The company has transferred the legal ownership of the goods to Customer, that is, the customer already has the legal ownership of the commodity; 3) The company has physically transferred the commodity to the customer, that is, the customer has physical possession of the commodity; 4) The company has transferred the major risks and rewards of ownership of the commodity to the customer, That is, the customer has obtained the main risks and rewards of ownership of the commodity; 5) the customer has accepted the commodity; 6) other signs indicating that the customer has obtained control of the commodity.

2. Income measurement principles

1) The company measures revenue based on the transaction price allocated to each performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive for the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customer.

2) If there is variable consideration in the contract, the company determines the best estimate based on the expected value or the most likely amount. Still, the transaction price, including the variable consideration, shall not exceed the cumulative recognized revenue when the relevant uncertainty is eliminated. Amounts where it is highly unlikely that a significant reversal will occur.

3) If there is a significant financing component in the contract, the company determines the transaction price based on the amount payable in cash when the customer obtains control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period. On the contract start date, if the company expects that the interval between the customer's obtaining control of the goods or services and the customer's payment of the price will not exceed one year, it will not consider the significant financing component in the contract.

4) If the contract contains two or more performance obligations, the company will allocate the transaction price to each performance obligation based on the relative proportion of the standalone selling price of the goods promised by each performance obligation on the contract commencement date. However, suppose there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract. In that case, the company will allocate the contract discount or variable consideration to the relevant one or more performance obligations.

Stand-alone selling price refers to the price at which the company sells goods or services to customers alone. Suppose the stand-alone selling price cannot be directly observed. In that case, the Company will comprehensively consider all relevant information that can be reasonably obtained and estimate the stand-alone selling price using observable input values to the greatest extent possible.

3. Revenue recognition method

(1) First-level land development income

When the land development is completed, the economic benefits related to the primary development of the land can flow into the enterprise, the amount of income can be measured reliably, and when the conditions agreed in the contract or agreement are met, the income will be recognized.

(2) Develop products

has been completed and accepted, the sales contract has been signed, and the obligations stipulated in the contract have been fulfilled; that is, the main risks and rewards of ownership of the developed products are transferred to the purchaser; the company no longer retains the continuing management rights usually associated with ownership, and Sales revenue is recognized when there is no longer effective control over the goods sold; the amount of revenue can be measured reliably; the relevant economic benefits are likely to flow into the company; and the costs incurred or to be incurred by the project can be measured reliably. Accomplish.

(3) House construction and engineering business

The agency-constructed houses and projects have signed irrevocable construction contracts, the economic benefits related to the agency-constructed houses and projects can flow into the enterprise, the completion progress of the agency-constructed houses and projects can be reliably determined, and the costs related to the agency-constructed houses and projects can be When measured reliably, the realization of Total revenue is recognized using the percentage of completion method.

(4) Recognition method of rental property income

According to the lease date (if there is a rent-free period, the rent-free period will be considered) and the rent amount stipulated in the lease contract and agreement, the realization of the rental property income is recognized when the relevant rent has been received, or evidence of payment is obtained.

(5) Other business income recognition methods

According to relevant contracts and agreements, when the economic benefits related to the transaction are likely to flow into the enterprise, the amount of income can be measured reliably, and the costs incurred or to be incurred related to the income can be measured reliably, the realization of other business income is recognized.

(28) Contract costs

1. Contract performance costs

The company's costs incurred to perform the contract are recognized as an asset as contract performance costs if they do not fall within the scope of business accounting standards other than the revenue standards and meet the following conditions:

(1) The cost is directly related to a current or expected contract, including direct labour, direct materials, manufacturing overhead (or similar expenses), costs borne by the customer, and other costs incurred solely because of the contract.

(2) This cost increases the company’s resources for fulfilling its performance obligations in the future.

(3) The cost is expected to be recovered.

The asset is reported in inventory or other non-current assets based on whether its amortization period at initial recognition exceeds one normal operating cycle.

2. Contract acquisition cost

The incremental costs incurred by the Company to obtain the contract are expected to be recovered and are recognized as an asset as the contract acquisition cost. Incremental costs refer to costs the company would not incur without obtaining the contract, such as sales commissions, etc. If the amortization period does not exceed one year, it will be included in the current profit and loss when incurred.

3. Amortization of contract costs

The assets mentioned above related to contract costs are amortized on the same basis as the revenue from goods or services related to the assets. They are amortized when the performance obligation is fulfilled or according to the performance progress of the performance obligation and included in the current profit and loss.

4. Impairment of contract costs

Suppose the book value of assets related to contract costs is higher than the difference between the following two items. In that case, the company will make impairment provisions for the excess and recognize it as asset impairment losses:

(1) The enterprise expects to obtain the remaining consideration from transferring goods or services related to the asset.

(2) The estimated cost of transferring the relevant goods or services.

If the factors of impairment in the previous period subsequently change, causing the difference between (1) minus (2) to be higher than the book value of the asset, the asset impairment provision that has been previously accrued should be reversed and included in the current profit and loss, but it shall be reversed. The subsequent book value of the asset shall not exceed the asset's book value on the date of reversal, assuming no provision for impairment is made.

(29) Government grants

Government subsidies refer to the monetary and non-monetary assets the company obtains from the government for free, excluding capital invested by the government as the owner. Government subsidies are divided into asset-related government subsidies and income-related government subsidies.

1. Judgment basis and accounting treatment method for government subsidies related to assets

Asset-related government subsidies refer to government subsidies obtained by enterprises for the purchase, construction, or other formation of long-term assets, including financial allocations for the purchase of fixed or intangible assets, etc.

The company's specific criteria for classifying government subsidies as asset-related are as follows: Government subsidies obtained by the company used to purchase, construct, or otherwise form long-term assets are regarded as asset-related government subsidies.

For government documents that do not stipulate the subsidy objects, the company's basis for judging whether the subsidy is classified as asset-related or income-related is whether it is used to purchase and construct or form long-term assets in other ways. If it can form long-term assets, the company shall. The part of the government subsidy corresponding to the asset value is regarded as the government subsidy related to the asset.

Recognition timing of asset-related government subsidies: When government subsidies are received, they are recognized as deferred income, and after the constructed or purchased assets are put into use, they are evenly distributed during the service life of the relevant assets and included in the current profits and losses.

2. Judgment basis and accounting treatment method for government subsidies related to income

Government subsidies related to income refer to government subsidies other than those related to assets.

The company's specific criteria for classifying government subsidies as related to income are government subsidies other than those related to assets, which are regarded as government subsidies related to income.

The timing of recognition of government subsidies related to income: If it is used to compensate for relevant expenses or losses that have already occurred, it will be included in the current profit and loss when received; if it is used to compensate for relevant expenses or losses in the future period, it will be included in the profit and loss when received. Deferred income is included in the current profit and loss when the expense is recognized.

If government subsidies related to income are used to compensate the enterprise for relevant expenses or losses in the future period, they are recognized as deferred income and included in the current profit and loss during the period when the relevant expenses are recognized; they are used to compensate the enterprise for related expenses or losses that have already occurred. , directly included in the current profit and loss.

Suppose a confirmed government subsidy needs to be returned. In that case, if there is relevant deferred income, the book balance of the relevant deferred income will be offset, and the excess will be included in the current profit and loss; if there is no relevant deferred income, it will be directly included in the current profit and loss.

For government subsidies for comprehensive projects, enterprises need to decompose them into asset-related parts and income-related parts and conduct accounting treatment separately; if it is difficult to distinguish, the government subsidies shall be classified as income-related government subsidies as a whole and shall be regarded as If the situation is different, it will be included in the current profit and loss, or recognized as current income in installments during the project period.

(30) Deferred tax assets and Deferred tax liabilities

According to the difference between the book value of assets and liabilities and their tax basis (if the tax basis of items not recognized as assets and liabilities can be determined by tax laws, the difference between the tax basis and their book amount), as expected The applicable tax rate during the period when the asset is recovered, or the liability is settled is calculated and recognized as a deferred income tax asset or deferred income tax liability.

1. Recognition and measurement of deferred income tax assets

① If there is a deductible temporary difference between the book value of assets or liabilities and their tax basis, the deductible temporary difference shall be recognized to the extent that the taxable income can probably be used to offset the deductible temporary difference. Deferred tax assets generated. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics will not be recognized: First, the transaction is not a business combination; Second, when the transaction occurs, it neither affects accounting profits nor accruals. Taxable income (or deductible losses).

② The company recognizes corresponding deferred income tax assets for deductible temporary differences related to investments in subsidiaries, associates and joint ventures and meets the following conditions: First, the temporary differences are likely to be reversed in the foreseeable future; Second, it is likely that taxable income will be obtained in the future that can be used to offset deductible temporary differences.

③ For deductible losses and tax credits that can be carried forward to future years, the company will recognize the corresponding deferred amount to the extent that it is likely to obtain future taxable income that can be used to offset the deductible losses and tax credits. Income Tax Assets.

④ On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is likely that sufficient taxable income will not be available in the future period to offset the benefits of the deferred income tax assets, the book value of the deferred income tax asset will be reduced; when it is likely that sufficient taxable income will be available, the amount of the write-down will be reduced Should be transferred back.

2. Recognition and measurement of deferred income tax liabilities

In addition to the deferred income tax liabilities arising from the following circumstances, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences:

①Initial recognition of goodwill;

② The initial recognition of assets or liabilities arising from transactions that simultaneously meet the following characteristics: First, the transaction is not a business combination; Second, when the transaction occurs, it neither affects accounting profits nor taxable income (or deductible losses)).

③ The company has taxable temporary differences related to its investments in subsidiaries, associate companies and joint ventures, and the following conditions are met at the same time: first, the investing enterprise can control the time of reversal of the temporary differences; second, the temporary differences There will most likely not be a switchback in the foreseeable future.

(31) Leasing

A lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period.

On the contract inception date, the Company evaluates whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration.

To determine whether the contract transfers the right to control the use of identified assets within a certain period, the company conducts the following assessment:

(1) Whether the contract involves the use of identified assets. An identified asset may be expressly designated by a contract or implicitly when the asset is made available to a customer. The asset is physically distinguishable or, in some capacity or other portion of the asset, is physically indistinguishable but substantially represents the entire production capacity, allowing the customer to obtain almost all the economic benefits generated from using the asset. An asset is not an identified asset if the supplier of the asset has substantial substitution rights for the asset throughout its period of use.

(2) Whether the lessee has the right to substantially obtain all the economic benefits generated from using the identified assets during the use period.

(3) Whether the lessee has the right to direct the use of the identified assets during the period of use. If the contract contains multiple separate leases simultaneously, the lessee and lessor will split the contract and conduct accounting treatment for each lease. If the contract contains lease and non-lease parts, the lessee and lessor shall separate the lease and non-lease parts. However, for land and building leases where the Company is the lessee, the Company chooses not to separate the lease and non-lease parts contained in the contract. It consolidates each lease part and its related non-lease part into a lease. When splitting the lease and non-lease components contained in the contract, the lessee shall allocate the contract consideration in proportion to the sum of the individual prices of each lease component and the individual prices of the non-lease components.

1. The company serves as the lessee

On the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for the lease.

The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, the lease payment amount paid on or before the start date of the lease term (deducting the amount related to the lease incentive that has been enjoyed), the initial direct costs incurred, and the amount required for dismantling and moving. The costs expected to be incurred in addition to the leased assets include restoring the site where the leased assets are located or restoring the leased assets to the state agreed upon in the lease terms. The Company uses the straight-line method to depreciate right-of-use assets. Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter lease term and the remaining useful life of the leased asset.

On the balance sheet date, if there are signs of impairment of the right-of-use assets, the company estimates its recoverable amount and performs an impairment test. The recoverable amount is determined as the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. Provision for impairment of right-of-use assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of right-of-use assets is made, it cannot be reversed in subsequent accounting periods.

Lease liabilities are initially measured based on the present value of the unpaid lease payments at the beginning of the lease term, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate will be used as the discount rate. The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed periodic interest rate. It includes the current profit and loss or related asset costs. Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss or related asset costs when incurred.

After the start date of the lease period, if the following circumstances occur, the company will remeasure the lease liability based on the present value of the changed lease payments:
(1) The amount expected to be payable based on the residual value of the guaranteed changes.
(2) The index or ratio used to determine lease payment changes.
(3) The company's evaluation results of the purchase option, lease renewal option, lease termination option change, or the actual exercise of the lease renewal or lease termination option are inconsistent with the original evaluation results.

When re-measurement lease liabilities, the Company adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.
The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (lease periods not exceeding 12 months) and low-value asset leases and to include the relevant lease payments on a straight-line basis in each period during the lease term. Current profit and loss or related asset costs.
2. The company acts as the lessor
On the lease commencement date, the Company divides leases into finance and operating leases.

A finance lease is a lease that substantially transfers all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases.

When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets generated by the original lease rather than the underlying assets of the original lease. Suppose the original lease is a short-term lease, and the Company elects to apply the simplified treatment of short-term leases described above to the original lease. In that case, the Company classifies the sublease as an operating lease.

Under a finance lease, on the start date of the lease period, the Company recognizes finance lease receivables for the finance lease and terminates the recognition of finance lease assets.

When the Company initially measures the financial lease receivables, it takes the net lease investment as the entry value of the financial lease receivables. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the lease payments that have not yet been received at the start of the lease term, discounted at the interest rate implicit in the lease. The Company calculates and recognizes interest income in each period during the lease term based on fixed periodic interest rates.

Variable lease payments not included in the measurement of net lease investment are included in the current profit and loss when incurred.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The company capitalizes its initial direct expenses related to operating leases, amortizes them during the lease period on the same basis as rental income recognition, and includes them in current profits and installment losses. Variable lease payments not included in lease receipts are included in the current profit and loss when incurred.

(32) Hold for sale

1. Recognition standards for assets held for sale

Suppose an asset or liability meets the following conditions at the same time. In that case, the company will classify it as held for sale: 1. The component must be sold immediately in its current condition only according to the customary terms for selling such components; 2. The company has already If the resolution to dispose of the component (or non-current assets) requires shareholder approval according to regulations, the approval of the shareholders' meeting or the corresponding authority has been obtained; third, the company has signed an irrevocable transfer agreement with the transferee; fourth The transfer will be completed within one year.

2. Accounting treatment method for assets held for sale

For fixed assets held for sale, the Company adjusts the fixed asset's estimated net residual value so that the fixed asset's estimated net residual value reflects its fair value minus disposal costs but shall not exceed the amount that meets the requirements of the amount held for sale. After adjustment, the difference between the original book value and the estimated net residual value shall be included in the current profit and loss as an asset impairment loss.

Other non-current assets or non-current liabilities, such as intangible assets that meet the conditions of being held for sale, shall be treated by the above principles but do not include deferred income tax assets and financial assets regulated by "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" assets.

V. DESCRIPTION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS

(1) Changes in significant accounting policies

On October 25, 2023, the Ministry of Finance issued the "Accounting Standards for Business

Enterprises Interpretation No. 17" (Cai Kuai [2023] No. 21, hereinafter referred to as "Interpretation No. 17"), which will take effect from January 1, 2024. Our company will implement the provisions of Interpretation No. 17 starting from January 1, 2024. The implementation of the relevant provisions of Interpretation No. 17 has no significant impact on our financial statements during the reporting period.

The "Compilation of Application Guidelines for Enterprise Accounting Standards 2024" issued by the Ministry of Finance in March 2024, as well as the "Explanation No. 18 of Enterprise Accounting Standards" issued on December 6, 2024, stipulate that warranty expenses for guarantee purposes should be included in Total cost of sales. The implementation of this regulation has no significant impact on the financial statements of the company during the reporting period.

(2) Changes in accounting estimates

None.

(3) Correction of previous accounting errors

In 2024, due to asset inspections and changes in business models, our subsidiaries Zhengzhou Chengfa Anju Co., Ltd. and Henan Zhengzhou Real Estate and Urban Integration Construction Development Co., Ltd. made retrospective adjustments to their previous financial statements. Our subsidiary's subsidiary company, Zhengzhou Public Housing Construction Investment Co., Ltd., also made retrospective adjustments to its previous financial statements due to corrections of prior errors and accounting for associated enterprises. The impact of the above-mentioned matters on our consolidated financial statements and company financial statements is as follows:

1. Presentation of changes in consolidated financial statements

Items	December 31, 2023 / Amount for the year 2023	Corrected amount for December 31, 2023/Year 2023	Error correction amount
Accounts receivable	15,417,949,074.59	15,466,579,817.32	48,630,742.73
Other receivables	5,552,448,850.17	5,540,870,031.76	-11,578,818.41
Inventory	34,165,404,730.11	34,131,895,494.86	-33,509,235.25
Other current assets	3,620,655,272.28	3,615,389,243.86	-5,266,028.42
Long-term equity investment	2,219,052,329.17	2,205,869,247.58	-13,183,081.59
Deferred tax assets	260,030,763.71	260,039,597.97	8,834.26
Other non-current assets	36,541,355,002.55	35,411,164,602.55	-1,130,190,400.00
Accounts payable	6,905,125,653.99	6,906,257,740.96	1,132,086.97
Receipts in advance	25,637,756.85	26,564,958.85	927,202.00
Contract liabilities	2,030,582,140.11	2,092,668,648.59	62,086,508.48
Taxes payable	467,910,630.21	488,316,669.16	20,406,038.95

Items	December 31, 2023 / Amount for the year 2023	Corrected amount for December 31, 2023/Year 2023	Error correction amount
Other payables	7,859,574,835.06	7,795,072,069.68	-64,502,765.38
Other current liabilities	79,872,764.01	85,485,625.53	5,612,861.52
Capital reserves	53,680,802,727.40	52,550,612,327.40	-1,130,190,400.00
Undistributed profit	4,360,144,112.78	4,320,771,964.92	-39,372,147.86
Non-controlling interests	1,403,107,167.97	1,401,919,796.61	-1,187,371.36
Total revenue	9,411,585,658.21	9,392,962,868.43	-18,622,789.78
Total cost of sales	8,103,906,648.97	8,094,180,673.06	-9,725,975.91
Taxes and surcharges	166,010,111.18	179,366,827.74	13,356,716.56
Investment income	43,874,003.46	46,275,514.13	2,401,510.67
Credit impairment loss (loss is indicated by a "-" sign)	-140,242,364.00	-140,277,701.02	-35,337.02
Income tax expense	232,925,097.99	232,916,263.73	-8,834.26
Net profit	319,861,241.41	299,982,718.89	-19,878,522.52
Undistributed profit at the beginning of the year	4,209,747,331.07	4,188,232,180.30	-21,515,150.77

2. Presentation of changes in the company's financial statements

Items	December 31, 2023 / Amount for the year 2023	Corrected amount for December 31, 2023/Year 2023	Error correction amount
Long-term equity investment	33,871,270,406.16	32,741,080,006.16	-1,130,190,400.00
Capital reserves	32,166,889,538.46	31,036,699,138.46	-1,130,190,400.00
Undistributed profit	877,160,850.53	867,746,587.07	-9,414,263.46
Investment income	195,929,774.70	198,768,281.83	2,838,507.13

VI. TAXATION

(a) The main taxation and tax rates applicable to the Company are as follows:

Taxation	Basis of taxation	Tax rate
Value-added tax	The turnover of goods sales, taxable labour, services provision, etc.	13%, 9%, 6%, 5%, 3%
City maintenance and construction tax	According to the actual turnover tax paid	7%，5%
Educational surcharge	According to the actual turnover tax paid	3%
Local educational surcharge	According to the actual turnover tax paid	2%
Income tax	According to the actual taxable income of the current period	25%, 15%

(b) Tax incentives and approvals

(1) Zhengzhou Public Housing Construction Investment Co., Ltd., a subsidiary of our company, is exempt from property tax on public rental housing in accordance with Article 7 of the "Announcement of the Ministry of Finance and the State Taxation Administration on Continuing to Implement Preferential Tax Policies for Public Rental Housing" (Announcement No. 33 of the Ministry of Finance and the State Taxation Administration in 2023). Rental income obtained from operating public rental housing is also exempt from value-added tax. The management unit of public rental housing shall separately account for rental income from public rental housing. If not separately accounted for, it shall not enjoy the preferential policies of exempting value-added tax and property tax. Article 10 stipulates that this announcement shall be implemented until December 31, 2025. The income from our company's leasing of public rental housing is exempt from property tax and value-added tax.

(2) Zhengzhou Zhengfang Surveying and Mapping Co., Ltd., a subsidiary of our company, has been recognized as a high-tech enterprise in accordance with the relevant provisions of the "Administrative Measures for the Recognition of High-tech Enterprises" (Guo Ke Fa Huo [2016] No. 32) and the "Guidelines for the Administration of High-tech Enterprise Recognition" (Guo Ke Fa Huo [2016] No. 195). In 2024, based on the "Notice on Recognizing the Second High-tech Enterprises in Henan Province in 2024" issued by the Henan Provincial Department of Science and Technology, the Henan Provincial Department of Finance, and the Henan Provincial Tax Service of the State Taxation Administration, our company was recognized as a high-tech enterprise. The certificate was issued on November 21, 2024, with a validity period of 3 years. During the reporting period, our company's corporate income tax rate was 15%.

(c) Other instructions

Other taxes are calculated and paid by relevant national and local regulations.

VII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Details of major subsidiaries

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
1	Zhengzhou Real Estate Group Urban Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	11,000.00	11,000.00	100.00

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
2	Zhengzhou Shangdu Holding Group Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Architectural decoration and other construction industries	170,000.00	170,000.00	77.94
3	Zhengzhou Xiliuhu Holdings Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Business service industry	50,000.00	40,750.00	100.00
4	Henan Datong Investment Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Business service industry	5,000.00	5,000.00	51.00
5	Zhengzhou Real Estate Group Investment Management Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	30,000.00	30,000.00	100.00
6	Henan Zhengdi New City Construction Industry Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Housing construction industry	100,000.00	89,000.00	100.00
7	Zhengzhou Urban Construction Group Investment Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Building industry	100,000.00	100,000.00	100.00
8	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	100,000.00	100,000.00	100.00

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
9	Henan Zhengdi Ecological Development Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Building decoration, decoration and other construction industry	10,000.00	10,000.00	100.00
10	Henan Zhengdi Olympic Sports Center Management Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Sports	20,000.00	10,600.00	100.00
11	Zhengzhou Shangdu Commercial Development Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Real estate industry	50,000.00	50,000.00	100.00
12	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Real estate industry	4,667.00	4,667.00	90.00
13	Henan Zhengdi Industry City Integration Construction Development Co., Ltd.	First-level subsidiary	Holding subsidiary	Zhengzhou City	Land management industry	50,000.00	26,666.67	60.00
14	Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Other surveying, mapping and geographic information services	6,000.00	6,000.00	100.00

No.	Name	Level	Type of subsidiaries	Registered address	Type of business	Registered capital (ten thousand yuan)	Paid-up capital (ten thousand yuan)	Shareholding ratio (%)
15	Zhengzhou Chengfa Anju Technology Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Information consulting services	100,000.00	100,000.00	100.00
16	Zhengzhou Chengfa Production City Investment Group Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Real estate industry	40,000.00	15,000.00	100.00
17	Zhengzhou Zhengdi Kangping Industrial Co., Ltd	First-level subsidiary	Wholly-owned subsidiary	Zhengzhou City	Other construction industry	1,000.00	1,000.00	100.00

(2) Subjects newly included in the scope of consolidation and those no longer included in the scope of consolidation in the current period

In October 2024, the subsidiary, Zhengzhou Real Estate Group Urban Development Co., Ltd. acquired 68.99% equity of Henan Yanhu Real Estate Development Co., Ltd. The subsidiary Zhengzhou Real Estate Group Investment Management Co., Ltd. originally held 31.01% equity of Henan Yanhu Real Estate Development Co., Ltd. The Company's shareholding in Henan Yanhu Real Estate Development Co., Ltd. reached 100.00%, then it is included in the consolidation scope. Henan Zhengdi Infrastructure Construction Co., Ltd. is a newly established company and is included in the consolidation scope of this period.

VIII. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following annotated items (including the main items of the company's financial statements) unless otherwise specified, and the closing balance refers to December 31, 2024, the closing balance of prior period refers to December 31, 2023, the amount incurred in the current period refers to 2024, and the amount incurred in the prior period refers to 2023.

(1) Cash and cash equivalents

Item	Closing balance	Closing balance of prior period
Cash on hand	58,132.89	132,213.94
Bank balances	11,072,070,078.74	9,574,414,803.36
Other monetary funds	31,888,508.21	120,552,241.28
Total	11,104,016,719.84	9,695,099,258.58

Note: The details of restricted monetary funds in monetary funds are as follows:

Item	Closing balance
Mortgage loan deposits	47,707,511.66
Bank acceptance note deposit and freeze funds	31,866,532.41
Banker's letter of guarantee	5,000,000.00
Total	84,574,044.07

(2) Notes receivable

Item	Closing balance	Closing balance of prior period
Bank acceptances	735,222.00	
Commercial acceptances		
Total	735,222.00	

(3) Accounts receivable

(a) Disclosed of accounts receivable by Aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	6,594,964,923.57	5,617,291,277.06
1 to 2 years	5,361,798,099.39	2,955,833,714.70
2 to 3 years	2,545,119,311.56	1,587,795,083.69
3 to 4 years	1,137,611,730.67	2,192,846,229.85
4 to 5 years	1,479,114,127.85	2,422,738,146.95
More than 5 years	3,991,873,492.26	779,688,211.04
Subtotal	21,110,481,685.30	15,556,192,663.29
Less: Provision for bad debts	127,053,304.75	89,612,845.97
Total	20,983,428,380.55	15,466,579,817.32

Note: The reason of non-cross checking of accounts receivable aging is a newly added company within the scope of consolidation in this period.

(b) Accounts receivable are listed by type as follows

Category	Closing balance			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	21,110,481,685.30	100.00	127,053,304.75	0.60
Including: Aging combination	703,567,634.36	3.33	106,646,390.71	15.16
Low risk combination	20,406,914,050.94	96.67	20,406,914.04	0.10
Total	21,110,481,685.30	100.00	127,053,304.75	0.60

(Continued)

Category	Closing balance of prior period			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	15,556,192,663.29	100.00	89,612,845.97	0.58
Including: Aging combination	287,331,833.79	1.85	74,343,985.16	25.87
Low risk combination	15,268,860,829.50	98.15	15,268,860.81	0.10
Total	15,556,192,663.29	100.00	89,612,845.97	0.58

(c) Accounts receivable for bad debt provision by group

(i) In the combination, accounts receivable using aging combination

Aging	Closing balance		
	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year	518,051,959.46	73.63	5,180,519.59
1 to 2 years	58,224,207.53	8.28	2,911,210.38
2 to 3 years	19,239,888.51	2.73	1,923,988.86
3 to 4 years	4,867,201.73	0.69	1,460,160.52
4 to 5 years	16,027,731.56	2.28	8,013,865.78
More than 5 years	87,156,645.57	12.39	87,156,645.57
Total	703,567,634.36	100.00	106,646,390.70

(Continued)

Aging	Closing balance of prior period		
	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year	126,430,854.91	44.00	1,264,308.55
1 to 2 years	34,498,341.17	12.01	1,724,917.06
2 to 3 years	7,364,122.75	2.56	736,412.27
3 to 4 years	18,426,265.56	6.41	5,527,879.67
4 to 5 years	71,043,563.62	24.73	35,521,781.83
More than 5 years	29,568,685.78	10.29	29,568,685.78
Total	287,331,833.79	100.00	74,343,985.16

(ii) Accounts receivable with bad debt provisions using low risk combination

Combination name	Closing balance			Closing balance of prior period		
	Book balance	Proportion (%)	Provisions	Book balance	Proportion (%)	Provisions
Low risk combination	20,406,914,050.94	0.10	20,406,914.05	15,268,860,829.50	0.10	15,268,860.81
Total	20,406,914,050.94	0.10	20,406,914.05	15,268,860,829.50	0.10	15,268,860.81

(d) Provision for bad debts

Category	Closing balance of prior period	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Elimination or write-off	
Individual provision					
Group provision	89,612,845.97	39,348,948.96	1,908,490.17		127,053,304.75
Total	89,612,845.97	39,348,948.96	1,908,490.17		127,053,304.75

(e) There are no accounts receivable actually written off in the current period;

(f) Top five accounts receivable based on debtor

Entity	Closing balance	Proportion to the total amount of accounts receivable at the end of the period (%)
Zhengzhou Land Reserve Center	6,290,500,692.83	29.80
Zhengzhou Xingyang Health Park Management Committee	4,773,780,794.00	22.61
Zhengzhou Land Reserve Center Guancheng Branch Center	3,514,258,379.89	16.65
Zhengzhou Urban and Rural Construction Committee	1,604,627,092.92	7.60
Zhengzhou Municipal Finance Bureau	1,157,117,023.07	5.48

Entity	Closing balance	Proportion to the total amount of accounts receivable at the end of the period (%)
Total	17,340,283,982.71	82.14

(g) At the end of the period, there are no accounts receivable derecognized due to the transfer of financial assets;

(h) At the end of the period, there are no transferred accounts receivable and the amount of assets and liabilities formed by continued involvement.

(4) Prepayments

(a) Aging analysis prepayments

Aging	Closing balance		Closing balance of prior period	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (Including 1 year)	662,404,649.24	64.36	408,737,224.43	40.65
1 to 2 years	47,727,860.56	4.64	41,000,457.89	4.08
2 to 3 years	13,898,446.23	1.35	98,609,915.99	9.81
More than 3 years	305,202,052.56	29.65	457,250,463.12	45.46
Total	1,029,233,008.59	100.00	1,005,598,061.43	100.00

(b) Top five prepayments based on payers

Entity	Closing balance	Proportion (%)
Zhengzhou Meisheng Real Estate Co., Ltd.	332,959,178.95	32.35
Off-road project division of Zhengzhou Zhongyuan Railway Engineering Co., Ltd.	142,726,860.80	13.87
Henan Mengzhang Real Estate Co., Ltd.	113,919,997.92	11.07
Zhengzhou Ruizheng Real Estate Co., Ltd.	111,940,425.09	10.88
Zhengzhou Transportation Commission Financial Management Center	49,652,155.00	4.82
Total	751,198,617.76	72.99

(5) Other receivables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest receivable		
Dividends receivable	15,447,600.00	15,447,600.00
Other receivables	4,497,939,710.53	5,540,870,031.76
Total	4,513,387,310.53	5,556,317,631.76

(b) Interest receivable

None

(c) Dividends receivable

Item	Closing balance	Closing balance of prior period
Henan Donglong Holding Co., Ltd.	15,447,600.00	15,447,600.00
Total	15,447,600.00	15,447,600.00

(d) Other receivables
(1) Aging analysis

Aging	Closing balance	Closing balance of prior period
Within 1 year	681,112,507.88	1,844,884,472.66
1 to 2 years	497,666,136.91	169,626,384.44
2 to 3 years	156,177,139.81	674,390,652.96
3 to 4 years	419,122,004.81	553,912,843.41
4 to 5 years	471,328,448.71	48,526,947.19
More than 5 years	2,592,221,442.10	2,539,733,934.28
Subtotal	4,817,627,680.22	5,831,075,234.94
Less: Provision for bad debts	319,687,969.69	290,205,203.18
Total	4,497,939,710.53	5,540,870,031.76

Note: The reason of non-cross checking of accounts receivable aging is a newly added company within the scope of consolidation in this period.

(2) Details of classification by nature

Nature	Closing balance	Closing balance of prior period
Government current payments	3,519,735,454.81	3,767,435,053.89
Company current payments	1,297,892,225.41	2,063,640,181.05
Subtotal	4,817,627,680.22	5,831,075,234.94
Less: Provision for bad debts	319,687,969.69	290,205,203.18
Total	4,497,939,710.53	5,540,870,031.76

(3) Details of bad debt provision

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Closing balance of prior period	290,205,203.18			290,205,203.18
The balance of closing balance of prior period in the current period				
--Transfer to stage II				

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	29,482,766.51			29,482,766.51
Reversal				
Elimination				
Write-off				
Other changes				
Closing balance	319,687,969.69			319,687,969.69

(4) Top five other receivables based on debtors

Entity	Closing balance	Aging	Nature
Zhengzhou Finance Bureau	2,060,184,688.32	Within 1 year, 1-2 years, more than 5 years	Current payment
Henan Dongwang Real Estate Co., Ltd.	659,771,709.28	1 to 5 years, more than 5 years	Current payment
Zhengzhou Municipal Engineering Construction Center	382,177,621.83	3 to 5 years, more than 5 years	Current payment
Zhengzhou Zhengdong New District Management Committee	312,562,337.71	3 to 4 year	Current payment
Zhengzhou State-owned Assets Supervision and Administration Commission	200,000,000.00	More than 5 years	Current payment
Total	3,614,696,357.14		

(5) There were no other receivables actually written off during the reporting period.

(6) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(7) At the end of the period, there are no transferred accounts receivable and the amount of assets and liabilities formed by continued involvement.

(6) Inventories

(a) Categories

Item	Closing balance		
	Book balance	Provision	Carrying amount
Raw material	997,744.83		997,744.83
Finished goods	2,339,927.57		2,339,927.57
Development cost	32,354,567,344.45		32,354,567,344.45

Item	Closing balance		
	Book balance	Provision	Carrying amount
Low-value consumption Goods	3,426,183.46		3,426,183.46
Contract performance costs	117,156,625.38		117,156,625.38
Materials in transit	998,486.58		998,486.58
Product development	996,917,767.95		996,917,767.95
Consumable biological assets	1,632,694.65		1,632,694.65
Total	33,478,036,774.87		33,478,036,774.87

(Continued)

Item	Closing balance of prior period		
	Book balance	Provision	Carrying amount
Raw material	536,767.64		536,767.64
Finished goods	1,813,907.65		1,813,907.65
Development Cost	32,662,365,053.21		32,662,365,053.21
Low-value Consumption Goods	3,399,513.87		3,399,513.87
Engineering construction	146,678,806.16		146,678,806.16
Materials in transit	1,191,399.57		1,191,399.57
Product development	1,314,198,340.04		1,314,198,340.04
Consumable biological assets	1,711,706.72		1,711,706.72
Total	34,131,895,494.86		34,131,895,494.86

(b) Provision for inventories

Category	Closing balance of prior period	Increase in current period		Decrease in current period		Closing balance
		Provision	Other	Reversal	Elimination	
None						

Note: Please refer to "Note VIII (58)" for the pledged information in the inventory at the end of the period.

(7) Contract assets

Item	Closing balance			Closing balance of prior period		
	Book balance	Provision	Carrying amount	Book balance	Provision	Carrying amount
Zhengzhou Third Ring Road Rapidization Project PPP Project	647,552,692.89	323,776.35	647,228,916.54	647,552,692.89	323,776.35	647,228,916.54

Item	Closing balance			Closing balance of prior period		
	Book balance	Provision	Carrying amount	Book balance	Provision	Carrying amount
Total	647,552,692.89	323,776.35	647,228,916.54	647,552,692.89	323,776.35	647,228,916.54

(8) Other current assets

Item	Closing balance	Closing balance of prior period
Amount of input tax to be deducted	2,386,438,507.09	1,700,037,818.26
Prepaid tax	107,269,149.66	179,729,397.94
Prepaid expenses (renovation fees, etc.)	192,500.00	341,435.16
Contract acquisition cost	326,965.54	13,567,186.90
Corporate borrowing	444,595,388.10	1,715,263,405.60
Others	15,190,000.00	6,450,000.00
Total	2,954,012,510.39	3,615,389,243.86

(9) Long-term receivables

Item	Closing balance	Closing balance of prior period
Special loan for Baojiao Building project	12,720,000,000.00	12,720,000,000.00
Special Loan for Urban Village Project	31,082,308,828.68	
Total	43,802,308,828.68	12,720,000,000.00

Note: The long-term receivables at the end of the period mainly consist of the special loan obtained by the subsidiary Zhengzhou Real Estate Group Investment Management Co., Ltd. for the China Development Bank Baojiao Building Project and Urban Village Project. According to the arrangement of the Zhengzhou Municipal Government, the special loan obtained will be transferred to the designated Project Responsible companies in Zhengzhou City.

(10) Long-term Equity Investments

(a) Classification of long-term equity investments

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries				
Investment in joint ventures and associates	2,205,869,247.58	62,418,866.00	96,046,029.02	2,172,242,084.56
Total	2,205,869,247.58	62,418,866.00	96,046,029.02	2,172,242,084.56

(b) Details of long-term equity investments

1. Investment in subsidiaries

None

2. Investment in joint ventures and associates

Investee	Accounting Method	Cost of investment	Closing balance of prior period
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Equity method	30,000,000.00	644,276,017.49
Henan Newgaodi Holdings Limited	Equity method	24,500,000.00	30,567,029.21
Henan Guochuang Culture Development Co., Ltd.	Equity method	147,000,000.00	
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Equity method	245,853,000.00	301,951,230.28
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Equity method	556,930,000.00	860,175,859.59
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	Equity method	500,000.00	1,490,691.65
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	Equity method	14,139,102.30	54,626,216.40
Henan Zhengdi Lanlu New-type Urbanization Construction Co., Ltd.	Equity method	8,000,000.00	3,800,518.04
Zhengzhou Ersha Culture Development Co., Ltd.	Equity method	22,000,000.00	18,334,365.61
Henan Dongwang Real Estate Co., Ltd.	Equity method	335,300,000.00	280,412,082.99
Zhengzhou Zhengdihe New City Construction Co., Ltd.	Equity method	8,000,000.00	9,327,725.97
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Equity method	1,500,000.00	326,376.35
Zhengzhou Shangdu Impression Commercial Management Co., Ltd	Equity method	1,600,000.00	
Zhengzhou Railway Construction Chengfanan Station Hub Construction and Development Co., Ltd.	Equity method	3,000,000.00	581,134.00
Zhengzhou South Station Hub Investment and Construction Co., Ltd	Equity method	60,000,000.00	
Total		1,458,322,102.30	2,205,869,247.58

(Continued)

Investee	Changes in the current year	Closing balance	Proportion (%)
Henan Zhonglianchuang Real Estate Development Co., Ltd.	-155,025,653.59	489,250,363.90	30.00
Henan Newgaodi Holdings Limited	73,872.12	30,640,901.33	49.00
Henan Guochuang Culture Development Co., Ltd.			49.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	14,070,166.45	316,021,396.73	35.00
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	44,358,315.48	904,534,175.07	20.00
Zhengzhou City Construction Jucheng Theatre Management Co., Ltd.	888,350.14	2,379,041.79	50.00

Investee	Changes in the current year	Closing balance	Proportion (%)
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	1,905,736.21	56,531,952.61	21.30
Henan Zhengdi Lanlu New-type Urbanization Construction Co., Ltd.	-211,169.74	3,589,348.30	40.00
Zhengzhou Ersha Culture Development Co., Ltd.	-541,328.17	17,793,037.44	22.00
Henan Dongwang Real Estate Co., Ltd.	-2,201,346.35	278,210,736.64	51.00
Zhengzhou Zhengdihe New City Construction Co., Ltd.	951,597.07	10,279,323.04	40.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	22,718.74	349,095.09	30.00
Zhengzhou Shangdu Impression Commercial Management Co., Ltd			40.00
Zhengzhou Railway Construction Chengfanan Station Hub Construction and Development Co., Ltd.	2,427,713.86	3,008,847.86	3.00
Zhengzhou South Station Hub Investment and Construction Co., Ltd	59,653,864.76	59,653,864.76	20.00
Total	-33,627,163.02	2,172,242,084.56	

(11) Other equity instruments investments

Item	Closing balance	Closing balance of prior period
Zhengzhou United Real Estate Co., Ltd.	2,000,000.00	2,000,000.00
Zhengzhou Rural Commercial Bank Co., Ltd.	509,520,000.00	509,520,000.00
Total	511,520,000.00	511,520,000.00

(12) Other non-current financial assets

(a) Classification of other non-current financial assets

Item	Closing balance	Closing balance of prior period
Classification of financial assets at fair value through profit or loss	279,567,393.08	279,567,393.08
Including: Debt instrument investment		
Equity instrument investment	279,567,393.08	279,567,393.08
Derivative financial assets		
Mixed Instrument Investing		
Others		
Financial assets designated as fair value through profit or loss		
Including: Debt instrument investment		

Item	Closing balance	Closing balance of prior period
Mixed Instrument Investing		
Others		
Total	279,567,393.08	279,567,393.08

(b) Listed of equity instrument investments

Item	Closing balance
Henan Donglong Holdings Co., Ltd.	178,641,142.62
Henan Civil Aviation Development Investment Co., Ltd.	75,000,000.00
Zhengzhou National Central City Industrial Development Fund Co. Ltd.	24,000,000.00
Henan Huiying Real Estate Co., Ltd.	1,926,250.46
Total	279,567,393.08

(13) Investment properties

(a) Investment properties measured at fair value

Item	Plants and buildings	Land use rights	Total
1. Closing balance of prior period	31,053,483,462.47	11,169,212,066.00	42,222,695,528.47
2. Changes in current period	21,628,686,349.04		21,628,686,349.04
Add: Purchase	2,678,863,625.25		2,678,863,625.25
Transfer from inventories\fixed assets\construction in progress	18,951,500,824.92		18,951,500,824.92
Increase arising by business combination			
Less: Disposal/Completion			
Other transfer-out	1,678,101.13		1,678,101.13
3. Changes in fair value	811,492,397.84	28,844,934.00	840,337,331.84
4.Closing balance	53,493,662,209.35	11,198,057,000.00	64,691,719,209.35

Note: At the end of the period, the vast majority of investment properties - buildings and structures - have not yet obtained property ownership certificates. Some of the Company's properties were positioned as investment properties at the time of initial construction or purchase, and are still under construction. The fair value cannot be reliably obtained, and the end of the period has been presented at book cost.

(14) Fixed Assets

(a) Classification of fixed assets

Item	Closing balance	Closing balance of prior period
Fixed assets	523,359,260.90	410,419,053.21
Disposal of fixed assets	933.00	933.00
Total	523,360,193.90	410,419,986.21

(b) Fixed assets

Item	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
1. Total Cost	619,198,442.78	165,134,880.53	37,552,926.93	746,780,396.38
Plant and buildings	480,685,768.78	85,483,369.25	25,909,117.65	540,260,020.38
Electronic equipment	36,450,404.49		6,570,309.59	29,880,094.90
Transport equipment	18,687,984.81		1,932,709.71	16,755,275.10
Machinery and equipment and office equipment	83,374,284.70	79,651,511.28	3,140,789.98	159,885,006.00
2. Total Accumulated Depreciation	208,611,824.02	34,832,183.88	20,190,437.97	223,253,569.93
Plant and buildings	117,584,004.60	434,806.59	6,962,376.58	111,056,434.61
Electronic equipment	31,199,187.76	3,020,046.13	10,651,340.96	23,567,892.93
Transport equipment	11,433,929.47	3,483,800.21	740,498.02	14,177,231.66
Machinery and equipment and office equipment	48,394,702.19	27,893,530.95	1,836,222.41	74,452,010.73
3. Total of Provision for Impairment	167,565.55			167,565.55
Plant and buildings				
Electronic equipment	8,116.96			8,116.96
Transport equipment	159,448.59			159,448.59
Machinery and equipment and office equipment				
4. Total of Carrying Amount	410,419,053.21			523,359,260.90
Plant and buildings	363,101,764.18			429,203,585.77
Electronic equipment	5,243,099.77			6,304,085.01
Transport equipment	7,094,606.75			2,418,594.85
Machinery and equipment and office equipment	34,979,582.51			85,432,995.27

Note: In 2024, the Group adjusted the category of fixed asset cards and adjusted the asset presentation based on the amount incurred to maintain consistency with the current card types.

(c) Disposal of fixed assets

Item	Closing balance	Closing balance of prior period
Disposal of fixed assets	933.00	933.00
Total	933.00	933.00

(15) Construction in progress

(a) List of construction in progress

Item	Closing balance	Closing balance of prior period
Construction in progress	9,878,684,222.17	10,459,504,714.37
Materials for construction of fixed assets		
Total	9,878,684,222.17	10,459,504,714.37

(b) Details of construction in progress

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Comprehensive Development Project of Underground Intelligent Parking Lot of Henan Provincial People's Hospital	21,511,424.24	14,300,901.46		35,812,325.70	
Bus station project	37,391,533.70			37,391,533.70	
Greentown plaza underground space development project	3,400,790.07				3,400,790.07
Olympic Sports Center Exhibition Hall Project	38,098,707.68				38,098,707.68
Asset management	771,226.40				771,226.40
Integrated Collaborative Office Platform	267,104.29	29,275.66	296,379.95		
Rental Housing Management System	492,452.83	123,113.21	615,566.04		
Oma Square Commercial Project	562,802,911.63	22,647,555.30	47,724,826.55		537,725,640.38
Maozhuang No.4 Courtyard, Huiji District	769,265,270.02		769,265,270.02		
Zhengdi Meijing Dongwang Phase V Project in Zhengdong New District	174,146,872.70			174,146,872.70	
Procheng West 12 Garden Project	959,772,272.67	143,251,959.61	1,103,024,232.28		
Zhengshang Mingzhu (Phase II)	43,623,494.73	99,574,932.60	143,198,427.33		
Tianjiu Garden	43,682,578.95		43,682,578.95		
Optics Valley Commercial Center (Phase II)	458,965,927.97		458,965,927.97		
Jinke City Jinyu	539,496.55	218,497,582.60			219,037,079.15
Taihong Jianye Commercial Center Zone 1 (B2-02 plot)	91,514,453.42	138,363,430.47			229,877,883.89
Zhonghai Yiran Yuan Project Building 5#	267,166,762.11		267,166,762.11		

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Zhonghai Yiran Yuan Project Building 6#, 8#	254,767,628.31	25,653,695.25			280,421,323.56
Zhonghai Yiran Yuan Project Building 1#, 7#	279,443,807.42	20,324,089.61	299,767,897.03		
New Development Kai Lin Plaza (Phase I) Unit 3 # -1	161,910,027.95	3,221,621.63	165,131,649.58		
New Development Kai Lin Plaza (Phase I) Unit 3 # -2	83,320,655.73	1,939,458.49	85,260,114.22		
Xinya Business Center Xiyuan	502,058.99	269,797,844.60			270,299,903.59
Yinji Dongshang Building	38,838.89	69,283,916.32			69,322,755.21
New Development Kailin Plaza (Phase I) Project Unit 3 # - 2 (126 sets)	49,718,781.43	2,391,580.66	52,110,362.09		
Huiquan City No. 11 Garden Phase III	582,985.42	593,882,543.00			594,465,528.42
Huiquan City No. 11 Garden Phase I, II	202,271,062.42	10,051,927.86	212,322,990.28		
Yinji Fengshang Building	84,729.73	21,124,561.07			21,209,290.80
Yongheng Lixiang Center A-05 plot	5,022.15	2,944.07			7,966.22
Harmony Lakeside Jiayuan	9,649.37	115,723,295.72	115,732,945.09		
Wanxiang Commercial Center	559,473.50	336,459,196.15			337,018,669.65
Building 7, Huayui Ziyun City Tianyuan	115,099.03	210,064,907.90			210,180,006.93
Yongjing City No.1 Courtyard	336,930,668.59		336,930,668.59		
Yongjing City No.7 Courtyard	25,169,350.00		25,169,350.00		
Buildings 1 and 4 of Oma Square		128,164,747.75	128,164,747.75		
Yaxing Xinghe Dongyuan	545,354,593.30		545,354,593.30		
Yaxing Xinghe Xiyuan	365,399,023.00		365,399,023.00		
Dingxin Jiayuan District 1,2,3	573,281,487.33		573,281,487.33		
Dingxin Jiayuan District 1	297,813,160.18		297,813,160.18		
Yuhua Garden		51,485,998.93	51,485,998.93		
Yongjing City Jiayuan		122,942,347.09	122,942,347.09		
Phase II of Plot W-05-3 of Tongshuwang Village Renovation Project in Zhongyuan District, Zhengzhou City		97,372,280.46			97,372,280.46

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Building 1, Taihong Jianye Commercial Center Zone 2 (B4-03)		134,418,735.18	134,418,735.18		
Lingjunyu Garden No.3 Courtyard		278,649,935.87	278,649,935.87		
Zhengzhou Youth Talent Apartment Mall Garden		295,210,013.46	295,210,013.46		
Dongruncheng Zhangyuan Project		527,737,148.86			527,737,148.86
Taihong Jianye Commercial Center Zone 3 (B5-02)		60,130,578.30	60,130,578.30		
Zhengzhou Huafeng Steel Logistics Park A1 East District Commercial Service Center		82,794,812.03	82,794,812.03		
Guanghui Bay No.1 Courtyard project building 3#, 10#-1		314,396,070.72			314,396,070.72
Guanghui Bay No.1 Courtyard project building 5#, 9#, 10#-2, 11#		603,369,371.41			603,369,371.41
Building 2 of Taihong Jianye Commercial Center Zone 1 (B2-02 plot) project		20,538,963.98			20,538,963.98
SY-04-02 plot (978 sets) of Xishiyangsi Urban Village Renovation Project in Zhongyuan District, Zhengzhou City		778,719,378.73			778,719,378.73
Dongyuecheng No.2 Courtyard (Phase I)		214,395,021.67			214,395,021.67
Baoneng Langyu 1#		75,156,390.56			75,156,390.56
New Development Kailin Square (Phase I) 8 # - B, 10 # - B		540,448,142.81			540,448,142.81
Buildings 6 and 9 of Guangzhigu Commercial Center (Phase II)		63,474,411.83			63,474,411.83
Zhengzhou Huafeng Iron and Steel Logistics Park A1 East District Commercial Service Center (Xihui Commercial Center) Project		63,322,246.58	63,322,246.58		
Ersha Hongxiang Jiayuan Project	1,225,956,055.00		1,225,956,055.00		
Yongjing City No.3 Courtyard		96,650,774.13			96,650,774.13

Item	Closing balance of prior period	Increase in the current year	Transferred to fixed assets	Transferred of current period	Closing balance
Poly Culture Square Phase III		25,306,130.64			25,306,130.64
Zhengzhou City Real Estate Integrated Surveying and Mapping System Project	77,433.63				77,433.63
Urban Construction Science and Technology Plaza Project	104,325,223.70	23,864,963.69			128,190,187.39
Zhengzhou Parking Lot Project		592,370,868.20			592,370,868.20
Citizen Center Project	2,475,738,657.52	498,360,965.62			2,974,099,623.14
Others	2,715,961.82	12,725,516.65	896,226.41		14,545,252.06
Total	10,459,504,714.37	8,018,716,148.39	8,352,185,908.49	247,350,732.10	9,878,684,222.17

(16) Productive biological assets

Item	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
Forestry	44,427.27		10,981.83	33,445.44
Total	44,427.27		10,981.83	33,445.44

(17) Intangible assets

Items	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
1. Total Cost	10,108,739,964.49	5,256,551.91		10,113,996,516.40
Software	12,624,926.91	5,256,551.91		17,881,478.82
Parking use right	971,428.56			971,428.56
Land use rights	47,643,609.02			47,643,609.02
Land development rights	10,047,500,000.00			10,047,500,000.00
2. Subtotal of Accumulated Amortization	855,472,795.14	6,121,989.07		861,594,784.21
Software	6,984,689.06	2,943,049.47		9,927,738.53
Parking use right	167,559.32	27,543.80		195,103.12
Land use rights	6,608,846.76	789,595.80		7,398,442.56
Land development rights	841,711,700.00	2,361,800.00		844,073,500.00
3. Total of Provisions for Impairment				
Software				

Items	Closing balance of prior period	Increase in the current year	Decrease in the current year	Closing balance
Parking use right				
Land use rights				
Land development rights				
4. Total of Carrying Amount	9,253,267,169.35			9,252,401,732.19
Software	5,640,237.85			7,953,740.29
Parking use right	803,869.24			776,325.44
Land use rights	41,034,762.26			40,245,166.46
Land development rights	9,205,788,300.00			9,203,426,500.00

Note 1: RMB 10,117,300.00 of the land use rights is allocated land use rights obtained by Zhengzhou Guoyi Residential Group Co., Ltd., a subsidiary of Zhengzhou Public Housing Construction Investment Co., Ltd., which is the subsidiary of Zhengzhou Public Housing Construction Investment Co., Ltd., the land is located east of Zijingshan Road and north of Dongli Road, with a use rights area of 5005.20 square meters, with an indefinite useful life and no amortization.

Note 2: The land development rights belong to the subsidiary Zhengzhou Health City Development Co., Ltd. in accordance with the "About Agreeing that Zhengzhou Health City Development Co., Ltd. enjoys the development rights of Zhengzhou Xingyang Health Park and the assessed value of the first-phase development rights are included in the capital reserve" issued by the Xingyang Municipal People's Government in 2016. For the land development rights obtained by the "Account Approval" (Xingzhengwen [2016] No. 209), the Xingyang Municipal People's Government agreed that Health City Company has the rights to develop the 48 square kilometers of the planned area of the first phase of Zhengzhou Xingyang Health Park, and the assessed value will be included in the capital public space.

Note 3: RMB 12,000,000.00 of the land use rights is owned by the Company, and there is no land use right certificate.

(18) Goodwill

Name of the investee or items resulting in goodwill	Closing balance of prior period	Increases in the current period	Decreases in the current period	Closing balance
The cost of business combination merger not under common control is greater than the share of net assets that should be enjoyed	41,565,646.14	2,120,234.19		43,685,880.33

(19) Long-term prepaid expenses

Item	Closing balance of prior period	Increases in the current period	Amortization in the current period	Other decrease	Closing balance
Renovation expenses	2,617,505.30	7,868,737.73	2,572,048.41		7,914,194.62
CMB Financial Leasing Fees	208,333.35		208,333.35		
Maintenance funds	326,154.67		108,280.20		217,874.47
Tianjin Hongsheng Leasing Company service fee	3,072,666.58		1,676,000.04		1,396,666.54
Mold	286,442.05		286,442.05		
Others	7,942,852.93	8,883,120.22	3,627,382.39	974,481.60	12,224,109.16
Total	14,453,954.88	16,751,857.95	8,478,486.44	974,481.60	21,752,844.79

(20) Deferred tax assets and deferred tax liabilities

Items	Closing balance		Closing balance of prior period	
	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities	Deductible/taxable temporary differences
1. Deferred tax assets	293,703,971.18	1,174,953,705.72	260,039,597.97	1,043,933,313.56
Provision for bad debts	112,960,853.21	451,895,631.04	95,734,862.84	386,400,523.49
Staff education funds, etc.	91,519.63	366,078.52	206,821.86	827,287.42
Project assets			88,291.63	353,166.52
Interest payables	4,591,562.50	18,366,250.00	13,190,009.72	52,760,038.86
Uncovered loss	176,020,866.63	704,083,466.52	150,694,850.16	602,779,400.63
Changes in fair value	32,101.05	214,007.00	117,693.60	784,624.00
Others	7,068.16	28,272.64	7,068.16	28,272.64
2. Deferred tax liabilities	1,760,308,585.81	7,041,242,588.43	1,537,002,205.88	6,148,008,823.51
Changes in fair value gains or losses	1,554,234,195.63	6,216,936,782.49	1,336,359,686.91	5,345,438,747.63
Tax depreciation period difference	110,396,004.24	441,584,016.96	110,396,004.24	441,584,016.96
Contract acquisition cost	81,741.39	326,965.54	3,391,796.73	13,567,186.92
Interest income before tax time	75,840,999.43	303,363,997.72	67,099,339.56	268,397,358.24
Acquisition of assets to assess appreciation	19,755,645.12	79,030,825.72	19,755,378.44	79,021,513.76

(21) Other non-current assets

Item	Closing balance	Closing balance of prior period	Note
Municipal infrastructure	14,590,496,418.25	14,590,496,418.25	Note 1
National Technology Transfer Zhengzhou Center Joint Construction Project	180,234,674.08	170,456,525.55	
Third Ring Road Rapidization Project PPP Project	2,408,079,425.57	2,766,518,952.76	

Item	Closing balance	Closing balance of prior period	Note
Jialu River Comprehensive Management Ecological Greening PPP Project	5,926,126,261.90	5,916,502,563.03	
Advances to suppliers (Niukouyu project, affordable rental housing)		2,178,392,725.31	
Provincial People's Hospital Project	436,873,791.76	400,413,185.66	
Demolition of investment real estate	80,292,600.00	80,292,600.00	
Yongsheng Huayuan project	132,171,358.26	132,171,358.26	Note 2
Dahe Xinyuan project	8,556,871.93	8,556,871.93	Note 2
Nanpingyuan project	90,197,280.63	76,735,839.43	Note 2
Yongsheng Nanyuan project	121,662,379.72	121,662,379.72	Note 2
Zhengdi public rental housing		8,973,506,900.00	
High-speed train operation station	252,574,286.56		
Subtotal	24,227,265,348.66	35,415,706,319.90	
Less: provision for impairments	4,385,539.74	4,541,717.35	
Total	24,222,879,808.92	35,411,164,602.55	

Note 1: In order to better reflect the actual situation of municipal infrastructure assets, according to the provisions of the Development and Reform Commission [2018] No. 194, during the reporting period, Zhengzhou Urban Construction Group Investment Co., Ltd., a subsidiary of the Company, adjusted the accounting presentation of fixed assets-municipal infrastructure from fixed assets to other non-current assets.

Note 2: The Yongsheng Huayuan Project and the Dahe Xinyuan Project are the economically affordable housing projects originally planned by Zhengzhou Public Housing Construction Investment Co., Ltd., and the Nanpingyuan Project and the Yongsheng Nanyuan Project are the economically affordable housing projects originally planned by the subsidiary Guoyi Housing Company. The project, according to the "Notice of Zhengzhou Development and Reform Commission, Zhengzhou Housing Security and Real Estate Administration, Zhengzhou Natural Resources and Planning Bureau on Canceling the Construction Plan of 21 Affordable Housing Projects including Xijing Garden" (Zheng Fa Gai City [2019] No. 247) document, the construction of four projects has been cancelled, and the cost of the company's land demolition in the early stage of the project will be compensated after the relevant land is sold.

(22) Short-term borrowings
(a) Classification

Item	Closing balance	Closing balance of prior period
Pledged loan		
Secured loan		
Guaranteed loan	174,517,265.28	190,000,000.00
Unsecured loan	2,085,000,000.00	1,527,500,000.00
Total	2,259,517,265.28	1,717,500,000.00

(b) At the end of the period, there are no short-term loans that have been overdue.

(c) Guaranteed loan

Name	Closing balance	Borrower	Guarantor
Zhongyuan Bank Co., Ltd. Zhengzhou Agricultural South Road Branch	170,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd.
Zheshang Bank Co., Ltd. Zhengzhou Branch	4,517,265.28	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Shangdu Holding Group Co., Ltd.
Total	174,517,265.28		

(23) Notes payable

Item	Closing balance	Closing balance of prior period
Bank acceptance		
Commercial acceptance	16,798,653.18	160,166,997.62
Total	16,798,653.18	160,166,997.62

(24) Accounts payables

(a) Details by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	4,213,444,556.99	4,562,466,396.70
1 to 2 years (including 2 years)	1,572,748,293.52	649,392,106.73
2 to 3 years (including 3 years)	388,583,498.00	861,198,350.40
More than 3 years	1,568,522,227.43	833,200,887.13
Total	7,743,298,575.94	6,906,257,740.96

(2) Accounts payable by the top five at the end of the period

Entity	Nature of money	Closing balance	Aging	Proportion (%)
China Power Construction Road and Bridge Group Co., Ltd	Project payment	676,788,722.91	Within 1 year, 1to 4 years	8.74

Entity	Nature of money	Closing balance	Aging	Proportion (%)
Sinohydro (Zhengzhou) Investment Development Co., Ltd.	Project payment	594,666,000.00	More than 5 years	7.68
China Power Construction 11th Bureau Engineering Co., Ltd	Project payment	472,126,385.26	Within 1 year, 1 to 4 years	6.10
Zhengzhou Shuoyu Real Estate Development Co., Ltd	House payment	182,870,183.53	Within 1 year	2.36
Zhengzhou Xinyinke Real Estate Co., Ltd	House payment	182,738,611.47	Within 1 year	2.36
Total		2,109,189,903.17		27.24

(25) Receipts in advance

(a) Details by aging

Item	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	10,342,981.98	19,472,170.10
1 to 2 years (including 2 years)	773,527.10	237,871.97
2 to 3 years (including 3 years)	145,910.80	85,366.78
More than 3 years	39.00	6,769,550.00
Total	11,262,458.88	26,564,958.85

(b) Receipts in advance at the end of the period are mainly rent, etc.

(26) Contract liabilities

Item	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	403,211,149.71	912,585,572.08
1 to 2 years (including 2 years)	37,904,632.16	265,505,260.84
2 to 3 years (including 3 years)	67,729,120.34	244,186,020.09
More than 3 years	552,012,955.08	670,391,795.58
Total	1,060,857,857.29	2,092,668,648.59

(27) Payroll and employee benefits payable

(a) Payroll and employee benefits payable

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Short-term benefits	28,847,502.98	376,213,064.44	339,719,276.74	65,341,290.68
2. Post-employment benefits – Defined contribution plan	44,627.95	44,098,905.22	43,876,011.31	267,521.86
3. Termination benefits		1,282,665.81	649,455.77	633,210.04
Total	28,892,130.93	421,594,635.47	384,244,743.82	66,242,022.58

(b) Disclosure of Short-term benefits

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Wages or salaries, bonuses, allowances and subsidies	23,458,279.55	310,028,361.81	273,548,059.93	59,938,581.43
2. Staff welfare	50,991.38	17,473,380.91	17,524,372.29	
3. Social security contributions	8,899.93	16,363,723.55	16,333,965.96	38,657.52
Including: Medical insurance	-8,924.74	13,781,095.74	13,756,362.94	15,808.06
Work injury insurance	16,038.45	564,540.54	563,330.54	17,248.45
Maternity insurance	1,786.22	2,018,087.27	2,014,272.48	5,601.01
4. Housing funds	80,020.50	26,046,797.38	25,999,673.08	127,144.80
5. Labor union and employee education costs	5,249,311.62	5,681,198.00	5,704,864.88	5,225,644.74
6. Others		619,602.79	608,340.60	11,262.19
Total	28,847,502.98	376,213,064.44	339,719,276.74	65,341,290.68

(c) Disclosure of defined contribution plan

Item	Closing balance of prior period	Increase in the current period	Decrease in the current period	Closing balance
1. Basic medical insurance	32,063.34	32,532,653.90	32,495,201.85	69,515.39
2. Unemployment insurance	12,564.61	1,409,172.83	1,407,538.68	14,198.76
3. Enterprise annuity		10,157,078.49	9,973,270.78	183,807.71
Total	44,627.95	44,098,905.22	43,876,011.31	267,521.86

(28) Taxes payable

Item	Closing balance	Closing balance of prior period
Value added tax	259,588,731.87	258,584,198.35
City maintenance and construction tax	16,517,908.05	7,759,100.99
Educational surcharge	6,796,392.06	3,038,835.51
Local educational surcharge	4,530,927.99	2,025,371.88
Enterprise income tax	148,097,768.49	179,151,929.28
House property tax	18,816,044.72	18,812,694.12
Land value added tax	17,187,754.96	10,998,543.62
Land usage tax	2,567,541.97	5,262,189.19
Individual income tax	711,706.20	450,497.44
Stamp tax	338,272.23	394,913.02
Deed tax	1,838,395.76	1,838,395.76
Total	476,991,444.30	488,316,669.16

(29) Other payables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest payables		
Dividends payable		
Other payables	8,624,158,721.60	7,795,072,069.68
Total	8,624,158,721.60	7,795,072,069.68

(b) Interest payables

None

(c) Other payable

(1) Disclosure by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year (including 1 year)	673,719,355.50	1,444,919,607.53
1 to 2 years (including 2 years)	1,279,495,751.67	702,433,786.30
2 to 3 years (including 3 years)	639,602,785.66	496,509,545.52
More than 3 years	6,031,340,828.77	5,151,209,130.33
Total	8,624,158,721.60	7,795,072,069.68

(2) Other payables of the top five at the end of the period according to the other party's unit

Entity	Nature	Closing balance	Aging	Proportion of other payables balance (%)
Zhengzhou Municipal Finance Bureau	Current payment, project payment	1,740,632,359.95	2 to 4 years and more than 5 years	20.18
Zhengzhou Land Reserve Center	Project construction fund	1,575,000,000.00	More than 5 years	18.26
Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd.	Project construction fund and Current payment	1,186,550,000.00	3 to 5 years and more than 5 years	13.76
People's Government of Erqi District, Zhengzhou City	Performance deposit	825,996,137.57	1 to 2 years	9.58
Huabao Trust Co., Ltd	Loans and interest	362,754,555.56	Within 1 year and 1 to 5 years, more than 5 years	4.21
Total		5,690,933,053.08		65.99

(30) Current portion of non-current liabilities

(a) Classification of current portion of non-current liabilities

Item	Closing balance	Closing balance of prior period
Long-term borrowings due within 1 year	7,786,362,734.74	5,046,310,659.12
Bonds payable due within 1 year	10,677,560,000.00	10,210,000,000.00
Long-term payable – financial leasing due within 1 year	750,048,485.37	965,757,410.03

Item	Closing balance	Closing balance of prior period
Long-term payable - Special Loans for Baojiao Building and Urban Village Renovation due within 1 year	7,099,000,000.00	
Lease liabilities due within 1 year		
Interest payables due within 1 year	719,069,059.27	726,158,377.33
Total	27,032,040,279.38	16,948,226,446.48

(b) Classification of long-term borrowings due within one year

Item	Closing balance
Pledged loans	
Secured loans	173,982,479.96
Guaranteed loans	1,374,738,965.97
Unsecured loans	6,237,641,288.81
Total	7,786,362,734.74

1. Secured loans are classified by borrowing unit

Name	Closing balance	Borrower	Collateral
Zhengzhou Gongyi Branch of Bank of Communications Co., Ltd	11,188,276.96	Zhengzhou Guoxin Enterprise Development Co., Ltd	Inventories - Development costs
Zhengzhou Bank Co., Ltd. Bojin Trade City Sub-branch	132,317,800.00	Henan Datong Co., Ltd.	Inventories - Development products
Bank of Communications Co., Ltd, Zhengzhou Jingsan Road Sub-branch	8,000,000.00	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Inventories - Development products
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	211,403.00	Zhengzhou Xiesheng Real Estate Co., Ltd	Inventories - Development costs
Zhengzhou Bank Co., Ltd.Airport Sub-branch	22,265,000.00	Zhengzhou Public Housing Construction Investment Co., Ltd.	Housing mortgage/accounts receivable pledge
Total	173,982,479.96		

2. Guaranteed loans are classified by borrowing unit

Name	Closing balance	Borrower	Guarantor
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	401,720,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	6,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng

Name	Closing balance	Borrower	Guarantor
			Construction and Development Co., Ltd
China Construction Bank Co., Ltd. Zhengzhou Zhongxing Road Branch	400,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	14,600,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	99,950,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	200,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Business Department, West Fourth Ring Branch, Bank of Zhengzhou	59,000,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Zhongyuan Road Branch Business Department	30,000,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Shangdu Holdings Group Co., Ltd
Zhengzhou Bank Co., Ltd. Bojin Commercial City Branch	22,832,047.77	Henan Datong Co., Ltd.	Zhengzhou Xiliuhu Holdings Co., Ltd., Henan Jingrui Holdings Co., Ltd
China Construction Bank Co., Ltd. Zhengzhou Zhongxing Road Branch	1,611,000.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Nanyang Road Branch	10,229,600.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	18,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Henan Zhengdi New City Construction Industry Development Co., Ltd
Barry Trust Co., Ltd.	347,000,000.00	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
National Development Bank Henan Branch	38,795,170.67	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
Bank of China Co., Ltd. Zhengzhou South of Nongye Road Branch	39,599,800.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	16,361,555.30	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	81,471,475.78	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China Construction Bank Zhengzhou Jinshui Branch	43,110,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	4,914,088.70	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial Bank Co., Ltd. Zhengzhou High-tech Branch	5,507,712.04	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Postal Savings Bank of China Co., Ltd. Zhengzhou Yingxie Road Branch	27,420,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Co., Ltd. Zhengzhou Free Trade Zone Branch	833,500.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Co., Ltd. Zhengzhou Zhongyuan Branch	8,043,079.65	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. West Building Materials Branch	2,347,600.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Far East Hongxin (Tianjin) Financial Leasing Co., Ltd	60,000,000.00	Zhengzhou Urban Construction Development Co., Ltd	Zhengzhou Urban Construction Group Investment Co., Ltd
Far East International Financial Leasing Co., Ltd.	1,000,000.00	Zhengzhou Dingrun Urban Construction Co., Ltd.	Zhengzhou Zhongyuan Development Investment (Group) Co., Ltd.
Industrial and Commercial Bank of China Limited Zhengzhou Shangdu Road Branch	3,651,872.00	Zhengzhou Chengfa Housing Rental Co., Ltd	Zhengzhou Urban Construction Group Investment Co., Ltd

Name	Closing balance	Borrower	Guarantor
Bank of China Co., Ltd. Zhengzhou High-tech Development Zone Branch	8,347,770.00	Zhengzhou Chengfa Housing Leasing Co., Ltd.	Zhengzhou Urban Construction Group Investment Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	1,556,894.06	Zhengzhou Shangdu Songnan Impression Real Estate Co., Ltd.	Zhengzhou Shangdu Commercial Development Co., Ltd.
Bank of China Limited Zhengzhou Agricultural South Road Branch	20,235,800.00	Zhengzhou Chengfa Production City Investment Group Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
Total	1,374,738,965.97		

(31) Other current liabilities

Item	Closing balance	Closing balance of prior period
Amount of output tax to be transferred	25,348,199.81	85,485,625.53
Total	25,348,199.81	85,485,625.53

(32) Long-term borrowings

(a) Categories long-term borrowings

Item	Closing balance	Closing balance of prior period
Pledged loans		
Secured loans	442,797,680.54	383,830,780.00
Guaranteed loans	22,628,944,931.01	14,845,253,791.22
Unsecured loans	24,244,510,436.19	24,932,753,225.00
Total	47,316,253,047.74	40,161,837,796.22

(b) Secured loan

Name	Closing balance	Borrower	Guaranty
Bank of Communications Co., Ltd. Zhengzhou Gongyi Branch	41,610,903.54	Zhengzhou Guoxin Enterprise Development Co., Ltd.	Inventories - Development costs
Bank of Communications Co., Ltd, Zhengzhou Jingsan Road Sub-branch	136,000,000.00	Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Inventories - Development products
China CITIC Bank Co., Ltd. Zhengzhou Branch	65,521,777.00	Zhengzhou Xiesheng Real Estate Co., Ltd.	Inventories - Development costs
Postal Savings Bank of China Zhengzhou Branch	47,570,000.00	Henan Chengfa Chuangzhi Industrial Development Co., Ltd	Inventories - Development costs
Industrial Bank Co., Ltd. Zhengzhou Branch	80,000,000.00	Zhengzhou Public Housing Construction Investment Co., Ltd.	Inventories - Development costs
Industrial Bank Co., Ltd. Zhengzhou Branch	72,095,000.00	Zhengzhou Public Housing Construction Investment Co., Ltd.	Investment properties - buildings
Total	442,797,680.54		

(c) Guaranteed loan

Name	Closing balance	Borrower	Guarantor
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	372,880,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhengzhou Bank Co., Ltd. Jinshui Sub-branch	400,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	306,500,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Bank of Communications Co., Ltd. Zhengzhou Jiuru Road Branch	138,957,663.77	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
China Construction Bank Corporation Zhengzhou Zhongxing Road Branch	18,600,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Bohai International Trust Co., Ltd.	200,000,000.00	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Limited Zhengzhou Guancheng Branch	329,650,985.61	Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Guancheng Construction and Development Co., Ltd
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	278,600,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhongyuan Bank Co., Ltd. Zhengzhou Jianshe Road Branch	199,850,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Zhongyuan Road Branch Business Department	126,000,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Zhongyuan Road Branch Business Department	245,000,000.00	Zhengzhou Xiliuhu Holdings Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
China Construction Bank Corporation Zhengzhou Zhongxing Road Branch	31,414,500.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.
Industrial and Commercial Bank of China Nanyang Road Branch	160,629,200.00	Zhengzhou Real Estate Group Investment Management Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Shangding Road Branch	67,359,111.30	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
China Construction Bank Zhengzhou Jinshui Branch	2,162,413,852.30	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of Communications Zhengzhou Baihua Road Branch	1,428,123,373.02	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial Bank Co., Ltd. Zhengzhou High-tech Branch	182,771,022.79	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Industrial and Commercial Bank of China Co., Ltd. Zhengzhou Shangdu Road Branch	6,076,014,084.90	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Postal Savings Bank of China Co., Ltd. Zhengzhou Yingxie Road Branch	644,850,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Bank of China Limited Zhengzhou Agricultural South Road Branch	2,322,419,800.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Zhengzhou Zhongyuan Branch	116,462,920.35	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Agricultural Bank of China Co., Ltd. Zhengzhou Free Trade Zone Branch	657,423,680.93	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
National Development Bank Henan Branch	2,674,175,888.33	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Zhengzhou Bank Co., Ltd. West Building Materials Branch	615,652,400.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd. Zhengzhou Jianxi Branch	425,900,000.00	Zhengzhou Chengfa Anju Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.

Name	Closing balance	Borrower	Guarantor
Bank of Communications Zhengzhou Baihua Road Branch	75,226,346.71	Zhengzhou Shangdu Songnan Impression Real Estate Co., Ltd.	Zhengzhou Shangdu Commercial Development Co., Ltd.
China CITIC Bank Co., Ltd. Zhengzhou Branch	120,050,383.00	Henan Zhengdi Industry City Integrated Construction Development Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd., Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.
Bank of China Limited Zhengzhou Agricultural South Road Branch	128,139,400.00	Zhengzhou Chengfa Production City Investment Group Co., Ltd	Zhengzhou Urban Development Group Co., Ltd.
Pacific Debt Investment Plan (CITIC)	1,000,000,000.00	Zhengzhou Urban Construction Group Investment Co., Ltd.	Zhengzhou Urban Development Group Co., Ltd.
Far East Hongxin (Tianjin) Financial Leasing Co., Ltd	110,000,000.00	Henan Chengtou Construction Engineering Co., Ltd	Deposit 11,000,000.00
Far East Hongxin (Tianjin) Financial Leasing Co., Ltd	50,000,000.00	Zhengzhou Urban Construction Development Co., Ltd	Zhengzhou Urban Construction Group Investment Co., Ltd.
Bank of China Limited Zhengzhou High tech Development Zone Branch	776,562,190.00	Zhengzhou Chengfa Housing Leasing Co., Ltd.	Zhengzhou Urban Construction Group Investment Co., Ltd.
Bank of China Co., Ltd. Zhengzhou High-tech Development Zone Branch	187,318,128.00	Zhengzhou Chengfa Housing Leasing Co., Ltd.	Zhengzhou Urban Construction Group Investment Co., Ltd.
Total	22,628,944,931.01		

(33) Bonds payable

Bond name	Nominal value	Maturity of bond	Coupon rate	Issue Amount
20 US Dollar Bonds	1,437,680,000.00	2020.01.16-2025.01.16	3.80%	1,414,599,075.30
20 Zhengjian 01	500,000,000.00	2020.03.24-2025.03.24	3.77%	494,103,773.60
22 700 million medium-term notes	700,000,000.00	2022.01.27-2025.01.27	3.13%	696,991,320.76
22 Debt Financing Plan Phase 1	554,400,000.00	2022.02.23-2025.02.23	5.12%	549,222,113.23
22 Debt Financing Plan Phase 3	245,600,000.00	2022.06.27-2025.06.27	4.92%	243,306,188.69

Bond name	Nominal value	Maturity of bond	Coupon rate	Issue Amount
22 Zheng Jian 01 Corporate Bonds	1,000,000,000.00	2022.06.29-2027.06.29	3.89%	988,207,547.17
22 Zheng Jian 02 Corporate Bonds	500,000,000.00	2022.08.17-2027.08.17	3.48%	494,103,773.59
22 US Dollar Bonds	2,515,940,000.00	2022.08.30-2025.08.30	5.20%	2,497,155,071.10
23 1 billion Middle-term Notes	1,000,000,000.00	2023.03.22-2026.03.22	3.54%	995,754,716.98
24 Zhengjian 01 Corporate Bonds	1,000,000,000.00	2024.01.26-2029.01.26	3.20%	992,905,660.38
24 Zhengjian 02 Corporate Bonds	1,500,000,000.00	2024.03.22-2029.03.22	2.99%	1,489,216,981.13
24 Zhengjian 03 Corporate Bonds	500,000,000.00	2024.10.29-2029.10.28	2.49%	496,688,679.25
24 Zhengcheng 06 Corporate Bonds	500,000,000.00	2024.11.20-2031.11.19	2.97%	495,353,773.58
24 Middle-term Phase 1	300,000,000.00	2024.04.19-2029.04.18	2.67%	298,160,377.35
24 Middle-term Phase 2	700,000,000.00	2024.12.19-2029.12.19	2.97%	695,450,000.00
24 US Dollar Bonds	1,509,564,000.00	2024.12.12-2027.12.12	5.20%	1,509,564,000.00
19 public housing investment bond 01	700,000,000.00	2019.10.31-2026.10.30	4.93%	700,000,000.00
21 Zhengzhu Investment Bonds	600,000,000.00	2021.06.22-2028.06.21	4.98%	600,000,000.00
23 Zhengzhou Real Estate PPN001	350,000,000.00	2023.04.26-2026.04.26	3.80%	350,000,000.00
23 Zhengzhu 01	400,000,000.00	2023.06.15-2028.06.15	3.60%	400,000,000.00
23 Zhengzhou Real Estate PPN002	300,000,000.00	2023.07.06-2026.07.06	3.80%	300,000,000.00
23 Zhengzhou Real Estate MTN001	300,000,000.00	2023.08.08-2026.08.08	3.45%	300,000,000.00
23 Zhengzhu 02	600,000,000.00	2023.09.12-2028.09.12	3.57%	600,000,000.00
24 Zhengzhou Real Estate MTN001	410,000,000.00	2024.06.27-2029.06.27	2.45%	410,000,000.00
24 Zhengzhou Real Estate PPN001	480,000,000.00	2024.08.02-2029.08.02	2.35%	480,000,000.00
21 Zhengdi 01	1,500,000,000.00	2021.04.07-2026.04.07	4.21%	1,500,000,000.00
21 Zhengdi 05	1,000,000,000.00	2021.08.09-2026.08.09	3.97%	1,000,000,000.00
21 Zhengzhou Real Estate bonds 01	3,000,000,000.00	2021.06.23-2028.06.22	3.80%	3,000,000,000.00
21 Zhengzhou Real Estate bonds 02	1,000,000,000.00	2021.06.23-2028.06.22	4.10%	1,000,000,000.00

Bond name	Nominal value	Maturity of bond	Coupon rate	Issue Amount
22 Zhengzhou Real Estate MTN001	1,200,000,000.00	2022.03.18-2027.03.18	4.03%	1,200,000,000.00
22 Zhengzhou Real Estate bonds 01	500,000,000.00	2022.06.23-2037.06.23	3.57%	500,000,000.00
23Zhengzhou Chengfa MTN001	800,000,000.00	2023.04.26-2026.04.26	3.47%	800,000,000.00
23 Zhengfa 01 bond principal	500,000,000.00	2023.07.07-2028.07.07	3.40%	500,000,000.00
23 Zhengfa 03 bond principal	500,000,000.00	2023.08.25-2026.08.25	3.05%	500,000,000.00
23 Zhengfa 05 bond principal	200,000,000.00	2023.11.02-2028.11.01	3.27%	200,000,000.00
23 Zhengfa 06 bond principal	1,000,000,000.00	2023.11.02-2028.11.01	3.57%	1,000,000,000.00
23 Zhengfa 08 bond principal	800,000,000.00	2023.12.19-2028.12.18	3.38%	800,000,000.00
24 Zhengzhou Chengfa PPN001	520,000,000.00	2024.02.22-2029.02.22	3.04%	520,000,000.00
24 Zhengzhou Chengfa MTN001	1,100,000,000.00	2024.04.02-2029.04.02	2.89%	1,100,000,000.00
24 Zhengfa 01	300,000,000.00	2024.05.23-2029.05.23	2.40%	300,000,000.00
24 Zhengfa 02	300,000,000.00	2024.05.23-2029.05.23	2.60%	300,000,000.00
24 Zhengfa 03	500,000,000.00	2024.07.12-2031.07.12	2.35%	500,000,000.00
24 Zhengzhou Chengfa PPN002	1,000,000,000.00	2024.08.16-2029.08.16	2.37%	1,000,000,000.00
24 Zhengfa 04	1,000,000,000.00	2024.09.25-2031.09.25	2.39%	1,000,000,000.00
Total	35,323,184,000.00			35,210,783,052.11

(Continued)

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
20 US Dollar Bonds	27,098,750.00	23,080,924.70	69,352,216.68	64,821,768.01	
20 Zhengjian 01	14,751,666.67	5,896,226.40	19,250,000.00	19,250,000.00	
22 700 million medium-term notes	16,432,500.00	3,008,679.24	21,910,000.00	21,910,000.00	
22 Debt Financing Plan Phase 1	65,616.64	5,177,886.77	29,272,320.00	29,357,378.64	
22 Debt Financing Plan Phase 3	-18,621.86	2,293,811.31	12,838,740.00	12,873,914.63	
22 Zheng Jian 01 Corporate Bonds	19,450,000.00	7,075,471.70	38,900,000.00	38,901,945.00	995,283,018.87

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
22 Zheng Jian 02 Corporate Bonds	4,350,000.00	3,537,735.84	17,400,000.00	17,400,000.00	497,641,509.43
22 US Dollar Bonds	32,312,073.73	18,784,928.90	206,663,019.98	163,231,486.38	
23 1 billion Middle-term Notes	26,550,000.00	2,872,641.51	35,400,000.00	35,400,000.00	998,627,358.49
24 Zhengjian 01 Corporate Bonds		1,418,867.92	24,000,000.00		994,324,528.30
24 Zhengjian 02 Corporate Bonds		2,156,603.77	33,637,500.00		1,491,373,584.90
24 Zhengjian 03 Corporate Bonds		662,264.15			497,350,943.40
24 Zhengcheng 06 Corporate Bonds		663,746.63			496,017,520.21
24 Middle-term Phase 1		367,924.53	4,005,000.00		298,528,301.88
24 Middle-term Phase 2		858,490.57			696,308,490.57
24 US Dollar Bonds					1,509,564,000.00
19 public housing investment bond 01					140,000,000.00
21 Zhengzhu Investment Bonds					360,000,000.00
23 Zhengzhou Real Estate PPN001					350,000,000.00
23 Zhengzhu 01					400,000,000.00
23 Zhengzhou Real Estate PPN002					300,000,000.00
23 Zhengzhou Real Estate MTN001					300,000,000.00
23 Zhengzhu 02					600,000,000.00
24 Zhengzhou Real Estate MTN001					410,000,000.00
24 Zhengzhou Real Estate PPN001					480,000,000.00
21 Zhengdi 01					1,500,000,000.00
21 Zhengdi 05					1,000,000,000.00
21 Zhengzhou Real Estate bonds 01					3,000,000,000.00

Bond name	Closing balance of prior period	Interest adjustment cumulative amortization	Accrued interest for the period	Interest paid in the current period	Closing balance
21 Zhengzhou Real Estate bonds 02					1,000,000,000.00
22 Zhengzhou Real Estate MTN001					1,200,000,000.00
22 Zhengzhou Real Estate bonds 01					500,000,000.00
23Zhengzhou Chengfa MTN001					800,000,000.00
23 Zhengfa 01 bond principal					500,000,000.00
23 Zhengfa 03 bond principal					500,000,000.00
23 Zhengfa 05 bond principal					200,000,000.00
23 Zhengfa 06 bond principal					1,000,000,000.00
23 Zhengfa 08 bond principal					800,000,000.00
24 Zhengzhou Chengfa PPN001					520,000,000.00
24 Zhengzhou Chengfa MTN001					1,100,000,000.00
24 Zhengfa 01					300,000,000.00
24 Zhengfa 02					300,000,000.00
24 Zhengfa 03					500,000,000.00
24 Zhengzhou Chengfa PPN002					1,000,000,000.00
24 Zhengfa 04					1,000,000,000.00
Total	140,991,985.18	77,856,203.94	512,628,796.66	403,146,492.66	28,535,019,256.05

Note 1: In April 2020, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion. The name of the bond: Zhengzhou Real Estate Group Co., Ltd.'s 2020 first phase of targeted debt financing instruments, referred to as 20 Zhengzhou Real Estate PPN001. The face value is RMB 1 billion, the coupon rate is 3.52%, and the bond term is from April 29, 2020 to April 29, 2025.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengzhou Real Estate PPN003, with a face value of RMB 1 billion and a coupon rate of 3.68%. The bond term is from August 30, 2021 to August 30, 2024. In 2024, the bond will be renewed until

August 30, 2026.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1.5 billion, referred to as 21 Zhengdi 01, with a face value of RMB 1.5 billion and a coupon rate of 4.21%. The bond term is from April 7, 2021 to April 7, 2026.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengdi 05, with a face value of RMB 1 billion and a coupon rate of 3.97%. The bond term is from August 9, 2021 to August 9, 2026.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 3 billion, referred to as 21 Zhengzhou Real Estate Bond 01, with a face value of RMB 3 billion and a coupon rate of 3.80%. The bond term is from June 23, 2021 to June 22, 2028.

In 2021, Zhengzhou Urban Development Group Co., Ltd. issued bonds of RMB 1 billion, referred to as 21 Zhengzhou Real Estate Bond 02, with a face value of RMB 1 billion and a coupon rate of 4.10%. The bond term is from June 23, 2021 to June 22, 2028.

In March 2022, Zhengzhou Urban Development Group Co., Ltd. issued a bond of RMB 1.2 billion, referred to as 22 Zhengzhou Real Estate MTN001, with a face value of RMB 1.2 billion and a coupon rate of 4.03%. The maturity of the bond is from March 18, 2022 to March 18, 2027.

In June 2022, Zhengzhou Urban Development Group Co., Ltd. issued a bond of RMB 500 million, referred to as 22 Zhengzhou Real Estate Bond 01, with a face value of RMB 500 million and a coupon rate of 3.57%. The maturity of the bond is from June 23, 2022 to June 23, 2037.

In September 2022, Zhengzhou Urban Development Group Co., Ltd. issued USD bonds of RMB 2.484 billion, referred to as 22 Zhengzhou Real Estate USD Bonds, with a face value of RMB 2.484 billion and a coupon rate of 5.10%. The maturity of the bonds is from September 13, 2022 to September 12, 2025.

In September 2022, Zhengzhou Urban Development Group Co., Ltd. issued a Free trade zone bond of RMB 1 billion, referred to as G22 Zhengzhou Real Estate 01, with a face value of RMB 1 billion and a coupon rate of 5.00%. The bond term is from September 21, 2022 to September 20, 2025.

In April 2023, Zhengzhou Urban Development Group Co., Ltd. issued a medium-term note of RMB 800 million, referred to as 23 Zhengzhou Chengfa MTN001, with a face value of RMB 800 million and a coupon rate of 3.47%. The bond period is from April 26, 2023 to April 26, 2026.

In July 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 500 million, referred to as 23 Zhengfa 01, with a face value of RMB 500 million and a coupon rate of 3.40%. The bond period is from July 7, 2023 to July 7, 2028.

In August 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 500 million, referred to as 23 Zhengfa 03, with a face value of RMB 500 million and a coupon rate of 3.05%.

The bond period is from August 25, 2023 to August 25, 2026.

In November 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 200 million, referred to as 23 Zhengfa 05, with a face value of RMB 200 million and a coupon rate of 3.27%. The bond period is from November 2, 2023 to November 1, 2028.

In November 2023, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 1 billion, referred to as 23 Zhengfa 06, with a face value of RMB 1 billion and a coupon rate of 3.57%. The bond period is from November 2, 2023 to November 1, 2028.

In December 2023, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 800 million, referred to as 23 Zhengfa 08, with a face value of RMB 800 million and a coupon rate of 3.38%. The bond period is from December 19, 2023 to December 18, 2028.

In February 2024, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 520 million, referred to as 24 Zhengzhou Urban Development PPN001, with a face value of RMB 520 million and a coupon rate of 3.04%. The bond period is from February 22, 2024 to February 22, 2029.

In April 2024, Zhengzhou Urban Development Group Co., Ltd. issued medium-term notes of RMB 1.1 billion, referred to as 24 Zhengzhou Urban Development MTN001, with a face value of RMB 1.1 billion and a coupon rate of 2.89%. The bond period is from April 2, 2024 to April 2, 2029.

In May 2024, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 300 million, referred to as 24 Zhengfa 01, with a face value of RMB 300 million and a coupon rate of 2.40%. The bond period is from May 23, 2024 to May 23, 2029.

In May 2024, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 300 million, referred to as 24 Zhengfa 02, with a face value of RMB 300 million and a coupon rate of 2.60%. The bond period is from May 23, 2024 to May 23, 2029.

In July 2024, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 500 million, referred to as 24 Zhengfa 03, with a face value of RMB 500 million and a coupon rate of 2.35%. The bond period is from July 12, 2024 to July 12, 2031.

In August 2024, Zhengzhou Urban Development Group Co., Ltd. issued a corporate bond of RMB 1 billion, referred to as 24 Zhengzhou Urban Development PPN002, with a face value of RMB 1 billion and a coupon rate of 2.37%. The bond period is from August 16, 2024 to August 16, 2029.

In September 2024, Zhengzhou Urban Development Group Co., Ltd. issued corporate bonds of RMB 1 billion, referred to as 24 Zhengfa 04, with a face value of 1 RMB billion and a coupon rate of 2.39%. The bond period is from September 25, 2024 to September 25, 2031.

Note 2: In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. issue USD 200 million of

20 US dollar bonds. The term is 5 years, the coupon rate is 3.80%, and the interest is paid semi-annually. The maturity date is January 16, 2025. The company received the payment on January 16, 2020.

In 2020, Zhengzhou Urban Construction Group Investment Co., Ltd. plans to issue 20 Urban Construction 01 bonds with a plan of RMB 500 million, with a term of 5 years and a coupon rate of 3.77%. Interest is paid once a year, and the maturity date is March 24, 2025; the Company received the payment on the March 26, 2020.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 Zhengjian 02 corporate bonds of RMB 500 million; the term is 5 years, the coupon rate is 3.78%, the interest is paid once a year, and the maturity date is November 1, 2026. The Company received the payment on November 1, 2021.

In 2021, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 21 Zhengjian 03 corporate bonds of RMB 500 million; the term of 5 years, the coupon rate of 3.50%, the interest is paid once a year, and the maturity date is December 2, 2026. The Company received the payment on December 3, 2021.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued a 22-year medium-term note of RMB 700 million. The maturity is 3 years, the coupon rate is 3.13%, the interest will be paid once a year, the maturity is January 27, 2025, the Company received the payment on January 27, 2023.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 debt financing plan of RMB 693 million in phase 1. The maturity is 3 years, the coupon rate is 5.12%, and the interest will be paid once a year. The maturity date is February 23, 2025, and the Company received the payment on February 23, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 debt financing plan of RMB 307 million in phase 3. The maturity is 3 years and the coupon rate is 4.92%, payable quarterly. The maturity date is June 27, 2025, and the Company received the payment on June 27, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 Zhengjian 01 bonds worth RMB 1 billion. The maturity is 5 years, the coupon rate is 3.89%, and the interest will be paid once a year. The maturity date is June 29, 2027, and the Company received the payment on June 29, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 22 Zhengjian 02 bonds worth RMB 500 million. The maturity is 5 years, the coupon rate is 3.48%, and the interest will be paid once a year. The maturity date is August 27, 2027, and the Company received the payment on August 16, 2022.

In 2022, Zhengzhou Urban Construction Group Investment Co., Ltd. issued $350 million in 22 US

Dollar Bonds. The maturity is 3 years, the coupon rate is 5.20%, and the interest will be paid once a year. The maturity date is August 30, 2025, and the Company received the payment on August 30, 2022.

In 2023, Zhengzhou Urban Construction Group Investment Co., Ltd. issued the first phase of 2024 medium-term notes of RMB 1 billion; the term is 3 years, the coupon rate is 3.54%, and the interest is paid once a year. The maturity date is March 22, 2026 and the Company received the payment on the March 22, 2023.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 Zhengjian 01 corporate bonds of RMB 1 billion; The term is 5 years, with a coupon rate of 3.20% and annual interest payment. The maturity date is January 26, 2029 and the Company received the payment on January 30, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 Zhengjian 02 corporate bonds of RMB 1.5 billion, the term is 5 years, with a coupon rate of 2.99% and annual interest payment. The maturity date is March 22, 2029, and the Company received the payment on March 27, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 Zhengjian 03 corporate bonds of RMB 500 million, the term is 5 years, with a coupon rate of 2.49% and annual interest payment. The maturity date is October 28, 2029 and the Company received the payment on October 29, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 Zhengjian 06 corporate bonds of RMB 500 million, the term is 7 years, with a coupon rate of 2.97% and annual interest payment. The maturity date is November 19, 2031 and the Company received the payment on November 27, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 medium-term notes of RMB 300 million, the term is 5 years, with a coupon rate of 2.67%, and interest is paid once a year. The maturity date is April 18, 2029, and the Company received the payment on April 29, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued a 24 medium-term note of RMB 700 million, the term is 5 years, with a coupon rate of 2.97%, and interest is paid once a year. The maturity date is December 19, 2029, and the Company received the payment on December 23, 2024.

In 2024, Zhengzhou Urban Construction Group Investment Co., Ltd. issued 24 US Dollar bonds of RMB 1.5 billion, the term is 3 years, with a coupon rate of 5.2%, and interest is paid once a year. The maturity date is December 12, 2027, and the Company received the payment on December 25, 2024.

Note 3: Zhengzhou Public Housing Construction Investment Co., Ltd. was approved by the National Development and Reform Commission on the issuance of corporate bonds by Henan Zhengzhou Public Housing Construction Investment Co., Ltd. (Fa Gai Enterprise Bond [2019] No. 115). RMB 700 million of corporate bonds are publicly issued to domestic institutional investors, with a coupon rate of 4.93%, and the bond interest period is from October 31, 2019 to October 30, 2026. This bond is a 7-year fixed-rate bond with simple interest paid annually. The current bond is set to repay the principal in advance, starting from the third year of the bond's duration, the principal of the bond will be repaid in the proportion of 20% of the total bond issuance, that is, RMB 140 million. The year-end balance of bond interest payable on December 31, 2024 was RMB 2,344,789.04.

Zhengzhou Public Housing Construction Investment Co., Ltd. will follow the Reply of the National Development and Reform Commission on the Approval of the Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd. in Henan Province (Fa Gai Enterprise Bond [2019] No. 115). RMB 600 million of corporate bonds were publicly issued to domestic institutional investors in 2021, with a coupon rate of 4.98%, and the bond interest period was from June 22, 2021 to June 21, 2028. The bond this year is a 7-year fixed-rate bond; with simple interest paid annually. The bonds have an early repayment clause. Starting from the third year of the bond's duration, the bond principal will be repaid in the proportion of 20% of the total bond issuance, that is, RMB 120 million. The year-end balance of bond interest payable on December 31, 2024 was RMB 12,639,649.32.

Zhengzhou Public Housing Construction Investment Co., Ltd., according to Beijing Financial Assets Exchange Co., Ltd., May 13, 2022 Notice of Acceptance of the record (debt financing Plan [2022] No. 0278). The record amount is RMB 500,000,000.00 and the record amount is valid for 2 years from the date of payment of this notice, which is mainly underwritten by Ping An Bank Co., Ltd. The target debt financing instrument issued in May, 2022 is RMB 200 million, the record is 22 Yu public housing ZR002, the coupon rate is 4.17%, the bond interest period is from May 26, 2022 to May 26, 2025, quarterly interest, bond interest payable on December 31, 2024 year-end balance of RMB 619,216.43. In June 2022, RMB 100 million of directional debt financing instrument is issued, with the record of 22 Yu public housing ZR003, the coupon rate is 4.17%, the bond interest period is from June 24, 2022 to June 24, 2025, and the interest is paid quarterly. The year-end balance of bond interest payable on December 31, 2024 was RMB 54,838.37.

Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the registration of green debt financing instruments of RMB 1 billion, according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on September 24, 2021 (Zhongshi Xiezhu [2021] GN36). The registration limit is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. A targeted debt financing instrument of RMB 300 million was issued in March 2023. The bond abbreviation is: 23 Zhengzhou Public House GN001 Carbon Neutral Bond. The coupon rate is 4.00%. The bond interest period is from March 2, 2023 to March 2, 2026, interest is paid once a year and the principal is repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2024 was RMB 10,027,397.26.

Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's targeted debt financing instruments according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on December 29, 2022 (Zhongshi Xiezhu [2022] PPN582) The registered amount is RMB 1.5 billion. The registration quota is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. A targeted debt financing instrument of RMB 350 million was issued in April 2023. The bond abbreviation is: 23 Zhengzhou Public House PPN001. The coupon rate is 3.80%. The interest period of the bond is from April 26, 2023 to April 26, 2026. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2024 was RMB 9,073,150.68.

Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Letter on No Objection to the Listing and Transfer of Non-Public Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd." issued by the Shanghai Stock Exchange on February 20, 2023 (Letter from the Shanghai Stock Exchange [2023] 425), clarifying that the total amount of the company's non-public issuance of corporate bonds shall not exceed RMB 1 billion, which shall be underwritten by Caida Securities Co., Ltd. and shall be issued within 12 months from the date of this letter. A corporate bond of RMB 400 million will be issued in June 2023. The bond abbreviation is: 23 Zhengzhu 01. The coupon rate is 3.60%. The bond interest period is from June 15, 2023 to June 15, 2028. Interest is paid once a year. The principal is repaid in one installment, and the year-end balance of bond interest payable on December 31, 2024 is RMB 7,850,958.91.

Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's targeted debt financing instruments according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on December 29, 2022 (Zhongshi Xiezhu [2022] PPN582) The registered amount is RMB 1.5 billion. The registration quota is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. The second phase of targeted debt financing instruments of RMB 300 million will be issued in July 2023. The bond abbreviation is: 23 Zhengzhou Public House PPN002, the coupon rate is 3.80%, and the interest period of the bond is from July 10, 2023 to July 10, 2026. Interest is paid once a year and the principal is repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2024 was RMB 5,434,520.55.

Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's orientation according to the "Notice of Acceptance of Registration" (Zhongshi Xiezhu [2024] MTN [715]) issued by the National Association of Financial Market Institutional Investors on July 12, 2024. The registered amount of debt financing instruments is RMB 1.37 billion. The registered limit is valid for 2 years from the date of signing this notice. It is underwritten by Ping An Bank Co., Ltd. A targeted debt financing instrument of RMB 300 million will be issued in August 2024. The bond abbreviation is: 23 Zhengzhou Public House MTN001. The coupon rate is 3.45%. The interest accrual period of the bond is from August 8, 2023 to August 8, 2026. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2024 was RMB 4,140,000.00.

Zhengzhou Public Housing Construction Investment Co., Ltd. issued the "Letter on No Objection to the Listing and Transfer of Non-Public Issuance of Corporate Bonds by Zhengzhou Public Housing Construction Investment Co., Ltd." issued by the Shanghai Stock Exchange on February 20, 2023 (Letter from the Shanghai Stock Exchange [2023] 425), clarifying that the total amount of the company's non-public issuance of corporate bonds shall not exceed RMB 1 billion, which shall be underwritten by Caida Securities Co., Ltd. and shall be issued within 12 months from the date of this letter. The second phase of corporate bonds of RMB 600 million will be issued in September 2023. The bond abbreviation is: 23 Zhengzhu 02. The coupon rate is 3.57%. The interest accrual period of the bond is from September 12, 2023 to September 12, 2028. Interest is paid annually. The principal will be repaid once upon maturity. The year-end balance of bond interest payable on December 31, 2024 is RMB 6,455,342.47.

Zhengzhou Public Housing Construction Investment Co., Ltd. has accepted a registration amount of RMB 1.37 billion for the company's targeted debt financing instruments in accordance with the "Notice of Acceptance of Registration" (Zhongshi Xiezhu [2023] MTN [715]) issued by the China Interbank Market Dealers Association on July 12, 2023. The registration amount is valid for 2 years from the date of this notice and is underwritten by Ping An Bank Co., Ltd. In June 2024, a targeted debt financing instruments of RMB 410 million was issued, the bond abbreviation: 24 Zhengzhou Public Housing MTN001. The coupon rate is 2.45%, and the interest period of the bond is from June 27, 2024 to June 27, 2029, with interest paid annually and principal repaid at maturity. The year-end balance of bond interest payable as of December 31, 2024 is RMB 5,173,863.01.

Zhengzhou Public Housing Construction Investment Co., Ltd. accepted the company's targeted debt financing instruments according to the "Notice of Acceptance of Registration" issued by the National Association of Financial Market Institutional Investors on December 29, 2022 (Zhongshi Xiezhu [2022] PPN582) The registered amount is RMB 1.5 billion. The registration quota is valid for 2 years from the date of signing this notice. China Minsheng Bank Co., Ltd. is the main underwriter. In August 2024, the second phase of targeted debt financing instruments of RMB 480 million was issued. The bond abbreviation: 24 Zhengzhou Public Housing PPN001, with a coupon rate of 2.35%. The interest period of the bond is from August 2, 2024 to August 2, 2029, with interest paid annually and principal repaid at maturity. The year-end balance of bond interest payable as of December 31, 2024 is RMB 4,666,520.55.

(34) Long-term payables

Item	Closing balance	Closing balance of prior period
Long-term payables - financing leases	1,693,017,807.91	2,237,188,013.43
Long-term payables - special loans	40,829,015,145.35	12,720,000,000.00
Special payables	284,573,300.00	284,573,300.00
Total	42,806,606,253.26	15,241,761,313.43

Note1: ICBC Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered 2020 ICBC Leasing Industrial Chuangzi No. 03 in 2020, with a total lease principal of RMB 990 million. The lease term is 10 years, with a total of 39 periods.

Note 2: Everbright Financial Leasing Co., Ltd., Zhengzhou Shangdu Holding Group Co., Ltd. and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered Everbright Financial Leasing (2106) Huizi 25-00007 in June 2021. The lease principal is RMB 700 million, and the lease term is 5 years, with a total of 10 periods.

Note 3: Bangyin Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed the financial leasing contract No. BYHZ20230051 on March 14, 2022. The contract adopts the sale-leaseback method, and the leased item is the attached facilities of the property owned by Party B. The lease principal is RMB 300 million, and the lease term is 5 years with 10 periods. The rent is paid semi-annually.

Note 4: CCB Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into the finance lease contract No. 202106710010001557 on January 19, 2022, in the form of sale and leaseback. The lease item is the attached facility of the property owned by Party B, and the lease principal is RMB 20 million. The term of the lease is 6 years with 12 installments . The rent is paid every six months.

Note 5: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into a financial leasing contract numbered TPSH2022 (ZL) 030 on June 13, 2022. In the sale-leaseback mode, the leased property is the attached facilities of the property owned by Party B. The lease principal is RMB 200 million, the lease term is 8 years, a total of 16 periods, the rent is paid every six months

Note 6: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) entered into a financial leasing contract numbered TPSH2022 （ZL）059、TPSH2022（ZL）060 on September 14, 2022. In the sale-leaseback mode, the leased property is the attached facilities of the property owned by Party B. The lease principal is RMB 600 million, the lease term is 8 years, a total of 16 periods, the rent is paid every six months.

Note 7: Taiping Petrochemical Financial Leasing Co., Ltd. (Party A) and Zhengzhou Urban Development Group Co., Ltd. (Party B) signed a financial lease contract numbered TPSH (2023) ZL018 on March 31, 2023, adopting a sale and leaseback method, and the leased property It is an ancillary facility of the property. The lease principal is RMB 300 million. The lease term is 5 years, with a total of 10 periods. The rent is paid every six months.

Note 8: Ping An International Financial Leasing (Tianjin) Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered 2023PAZL (TJ) 0101122-ZL-01 on December 19, 2023, using after-sales services in the leaseback method, the leased object is ancillary facilities of the property owned by Party B. The lease principal is RMB 200 million. The lease term is 3 years, with a total of 6 periods. The rent is paid every six months.

Note 9: Henan Jiuding Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered 2023-E-3-009 on April 7, 2023, using the sale and leaseback method. The leased property is ancillary facilities of the property owned by Party B. The lease principal is RMB 100 million. The lease term is 3 years, with a total of 12 periods. The rent is paid quarterly.

Note 10: Bangyin Financial Leasing Co., Ltd. (Party A) and Zhengzhou Shangdu Holding Group Co., Ltd. (Party B) signed a financial lease contract numbered BYHZ20240079 on August 23, 2023, using a sale and leaseback method, and the leased object is the property owned by Party B The ancillary facilities are leased with a principal amount of RMB 100 million, a lease term of 3 years, a total of 12 periods, and the rent is paid quarterly.

Note 11: The special loan refers to the special loan received by the Company from China Development Bank in 2022 for the project of guaranteed building, with a term from August 2022 to July 2026, Special loan for urban village renovation, with a loan term from January 2024 to March 2029.

(35) Deferred Income

Item	Closing balance	Closing balance of prior period	Asset-related/income-related
Foxconn public rental housing project financial special subsidy	103,429,642.00	113,772,606.20	Asset- related
Zhengzhou Urban and Rural Development Bureau Xingze Garden Ultra-low Energy Consumption Award and Subsidy Fund	115,290,000.00	115,290,000.00	Asset- related
Zhengzhou Housing Security and Real Estate Administration Bureau of New Type Rental Housing Award Supplementary Fund	115,540,416.65	117,703,833.33	Asset- related
152PZDZX03 project		37,060.27	Asset- related
Zhongyuan District "Fourth Up" Unit Incentives		12,295.30	Income- related
Zhihui Zhengzhou. 1125 Jucai Project		87,845.00	Income- related
Provincial Financial Special Awards and Subsidy Funds		1,000,000.00	Income- related
Housing Security Bureau Mall Jiayuan Award Subsidy Fund		8,090,000.00	Income- related
Erqi District Oma Square special award fund	4,074,755.30	40,843,117.10	Asset- related

Item	Closing balance	Closing balance of prior period	Asset-related/income-related
Special award and subsidy fund of Zhengmi Road, Huanggang Temple, Erqi District		32,578,057.63	Asset- related
Special award and subsidy fund of Maozhuang No. 4 of Huiji District		58,584,874.96	Asset- related
Special award and subsidy funds for Xingrenju No.4 Courtyard, Shibalihe, Guancheng District	3,090,133.78	15,984,063.08	Asset- related
Jinshui District Kangqiao Platinum House special award fund		17,388,974.37	Asset- related
Special award and subsidy fund for the fifth phase of Zhengdi Beauty East View Project in Zhengdong New District	11,880,807.00	22,770,605.44	Asset- related
Buildings 5#, 6#, and 8# of Zhonghai Yiran Garden Project		9,440,000.00	Asset- related
affordable housing project	487,620,000.01	258,666,666.67	Asset- related
Total	840,925,754.74	812,249,999.35	

(36) Other non-current liabilities

Item	Closing balance	Closing balance of prior period
Amount of output tax to be transferred	577,331,122.06	593,482,201.92
Total	577,331,122.06	593,482,201.92

(37) Paid-in capital

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Zhengzhou State-owned Assets Supervision and Administration Commission	2,000,000,000.00	700,540,000.00		2,700,540,000.00
Total	2,000,000,000.00	700,540,000.00		2,700,540,000.00

(38) Capital reserves

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Capital Premium	30,540,000.00		30,540,000.00	
Other capital reserves	52,520,072,327.40	68,254,241.80	670,000,000.00	51,918,326,569.20
Total	52,550,612,327.40	68,254,241.80	700,540,000.00	51,918,326,569.20

Note: In November 2024, according to the decision of Zhengzhou State owned Assets Supervision and Administration Commission, the capital reserve will be converted into capital of RMB 700,540,000.00. In 2024, Zhengdi Infrastructure Construction Co., Ltd. will be included in the consolidation scope, with an increase in capital reserve of RMB 68,254,241.80.

(39) Other comprehensive income

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Other comprehensive income	167,533,071.94	5,576,978.25	5,765,248.52	167,344,801.67
Total	167,533,071.94	5,576,978.25	5,765,248.52	167,344,801.67

(40) Surplus reserve

Item	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	366,561,133.91			366,561,133.91
Discretionary surplus reserve				
Total	366,561,133.91			366,561,133.91

(41) Undistributed profits

Items	Closing balance	Closing balance of prior period
Before adjustment: undistributed profits of the prior period	4,360,144,112.78	4,209,747,331.07
Adjustment: Total undistributed profits at the beginning of the reporting period (increase "+", decrease "-")	-39,372,147.86	-21,515,150.77
After adjustment: undistributed profits at the beginning of the reporting period	4,320,771,964.92	4,188,232,180.30
Increase in current period	349,441,189.66	267,598,684.62
Including: The current net profit transfer-in	349,441,189.66	267,598,684.62
Other adjustment factors		
Current reduction	49,943,100.00	135,058,900.00
Including: current period transfer to surplus reserves		
Current period transfer to general risk reserve		
Income from state-owned capital paid in the current period	49,943,100.00	135,058,900.00
Transfer to capital		
Other reduction		
Undistributed profits at the end of the reporting period	4,620,270,054.58	4,320,771,964.92

(42) Operating revenue and cost of sales

Item	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	8,798,979,062.61	7,305,293,578.20	8,758,269,737.12	7,601,324,304.93
Land consolidation and related	3,571,374,613.28	3,382,156,129.57	4,245,730,376.36	4,028,668,200.80
Infrastructure construction	1,323,333,589.90	1,280,633,472.07	1,802,711,181.50	1,777,271,047.41
Assets operating	307,828,632.25	194,199,160.85	205,812,348.14	144,442,582.50
Real estate sales	1,445,840,532.54	1,180,062,236.00	790,654,131.11	444,086,697.61
Construction of resettlement housing	784,098,678.78	714,775,382.05	1,105,479,345.61	1,039,062,972.78
Allocation type affordable housing	179,081,289.91	180,012,348.69		
Management consulting	9,165,153.95	1,000.00	101,967,534.01	50,800.00
Industrial park	382,891,660.05	256,213,782.31	175,057,789.74	125,288,730.33
Trade			4,787,185.82	3,766,819.17
Housing rental and management	708,890,331.97	100,077,892.78	283,527,554.48	34,196,595.11
Sales of goods	10,684,211.28	230,389.60	4,306,287.46	3,987,342.30
Surveying and mapping fees	33,912,999.77	12,500,167.96	31,633,975.62	
Other	41,877,368.93	4,431,616.32	6,602,027.27	502,516.92
2. Other business subtotal	961,423,017.38	788,286,137.09	634,693,131.31	492,856,368.13
Capital occupation fee	881,789,750.06	723,953,491.74	559,012,933.71	426,901,027.23
Property service	48,468,296.88	34,878,169.26	43,824,598.09	40,630,016.33
Others	31,164,970.44	29,454,476.09	31,855,599.51	25,325,324.57
Total	9,760,402,079.99	8,093,579,715.29	9,392,962,868.43	8,094,180,673.06

(43) Taxes and surcharges

Item	The amount incurred in the current period	The amount incurred in the prior period
City maintenance and construction tax	20,941,266.58	8,668,792.94
Educational surcharge	8,912,732.58	3,660,444.92
Local educational surcharge	5,947,021.79	2,440,296.57
Land value added tax	53,944,635.53	54,758,368.56
House property tax	118,674,145.54	86,549,357.51
Land use tax	15,726,662.97	10,169,766.56
Stamp tax	17,046,990.43	13,083,138.96
Vehicle and vessel usage tax	36,520.08	36,661.72
Total	241,229,975.50	179,366,827.74

(44) Selling expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Selling expenses	89,018,354.51	77,705,348.55
Total	89,018,354.51	77,705,348.55

(45) General and administrative expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
General and administrative expenses	343,488,391.19	343,557,860.70
Total	343,488,391.19	343,557,860.70

(46) Research and development expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Research and development expenses	14,244,284.97	7,847,901.97
Total	14,244,284.97	7,847,901.97

(47) Financial expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Financial expenses		
Including: Interest expenses	2,044,918,814.23	1,428,542,112.76
Less: Interest income	655,363,471.95	602,175,308.05
Less: Exchange income		
Exchange losses	38,224,134.87	27,944,645.66
Charges and others	47,677,548.23	109,402,127.85
Others	149,741.31	7,273,066.37
Total	1,475,606,766.69	970,986,644.59

(48) Other income

Item	The amount incurred in the current period	The amount incurred in the prior period
Government grants assets-related	516,604,104.31	349,741,771.60
Individual tax refunds	146,779.76	523,841.46
Job stabilization subsidy	207,333.64	480,521.54
Unemployment benefits	209,433.71	376,552.79
VAT plus deduction	423,278.84	84,750.87

Others	91,564.85	362.18
Total	517,682,495.11	351,207,800.44

(49) Investment income

Item	The amount incurred in the current period	The amount incurred in the prior period
Income from long-term equity investments under equity method	-88,207,518.44	25,811,387.04
Investment income on disposal of long-term equity investments		
Investment income from holding financial assets at FVTPL		406,600.00
Dividend income from holding investments in other equity instruments	9,240,000.00	10,560,000.00
Investment income from disposal of financial assets at FVTPL		
Investment income from holding held-for-trading financial assets		
Interest income from holding other debt investments		
Others		9,497,527.09
Total	-78,967,518.44	46,275,514.13

(50) Gains from changes in fair value

Source resulting in gains from changes in fair values	The amount incurred in the current period	The amount incurred in the prior period
Financial assets at FVTPL		
Including: Gains from changes in fair values arising from derivatives		
Financial liabilities at FVTPL		
Including: Gains from changes in fair values arising from derivatives		
Investment properties carried at fair value	832,901,360.84	555,445,134.66
Others		
Total	832,901,360.84	555,445,134.66

(51) Credit impairment losses

Item	The amount incurred in the current period	The amount incurred in the prior period
Bad debt provision	-66,923,225.29	-138,560,720.64
Impairment on debt investments		
Impairment on long-term equity investment		
Others	1,271,939.95	-1,716,980.38

Item	The amount incurred in the current period	The amount incurred in the prior period
Total	-65,651,285.34	-140,277,701.02

(52) Asset impairment losses

Item	The amount incurred in the current period	The amount incurred in the prior period
Impairment losses on contract assets		-323,776.35
Impairment losses on fixed assets		
Impairment losses on other non-current assets	156,177.61	-4,541,717.35
Others		
Total	156,177.61	-4,865,493.70

(53) Gains from disposal of assets

Item	The amount incurred in the current period	The amount incurred in the prior period
Disposal of fixed assets gains	-21,741.10	12,644.65
Disposal of intangible assets gains		
Total	-21,741.10	12,644.65

(54) Non-operating income

Item	The amount incurred in the current period	The amount incurred in the prior period
Total gains on disposal of non-current assets	1,014.74	38,918.81
Including: Gains on disposal of fixed assets	1,014.74	38,918.81
Gains on disposal of intangible assets		
Gains on exchange of non-monetary assets		
Government grants	173,300.00	2,145,456.00
Insurance compensation, liquidated damages	510,085.84	2,767,741.14
Others	1,633,668.03	3,419,641.81
Total	2,318,068.61	8,371,757.76

(55) Non-operating expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Total losses on disposal of non-current assets	26,219.31	2,009.59

Item	The amount incurred in the current period	The amount incurred in the prior period
Including: Losses on disposal of fixed assets	26,219.31	2,009.59
Losses on disposal of intangible assets		
Losses on debt restructuring		
Donations to third parties	304,000.00	1,144,082.43
Compensation, fine	1,678,194.32	359,915.59
Others	8,284,899.19	1,082,278.51
Total	10,293,312.82	2,588,286.12

(56) Income tax expenses

Item	The amount incurred in the current period	The amount incurred in the prior period
Current income tax calculated in accordance with taxation laws and related regulations	116,155,041.31	115,860,918.13
Deferred income tax	187,783,013.97	117,055,345.60
Total	303,938,055.28	232,916,263.73

(57) Consolidated cash flow statement

(a) Items of the cash flow statement

(1) Cash received relating to other operating activities:

Item	The amount incurred in the current period	The amount incurred in the prior period
Withdraw current payment	1,511,120,838.85	1,657,415,855.94
Withdrawal of deposit	195,931,317.17	1,524,091,394.00
Bank deposit interest and other	57,173,984.03	104,838,016.07
Subsidy income	550,890,090.88	85,456,606.89
Others	5,036,067.03	3,246,092.07
Total	2,320,152,297.96	3,375,047,964.97

(2) Cash paid relating to other operating activities:

Item	The amount incurred in the current period	The amount incurred in the prior period
Payment of current payment	794,873,180.11	7,033,042,578.71
Payment of deposit	142,800,446.14	108,184,981.34
Daily operating expenses	159,522,496.56	118,261,754.59
Others	5,986,316.39	6,839,020.79
Total	1,103,182,439.20	7,266,328,335.43

(3) Cash received relating to other investing activities

Item	The amount incurred in the current period	The amount incurred in the prior period
Deposit	21,200,000.00	
Short term investment in wealth management funds		
Others	32,604.32	
Total	21,232,604.32	

(4) Cash paid relating to other investing activities

Item	The amount incurred in the current period	The amount incurred in the prior period
Trust deposit	34,340,000.00	
Short term investment in wealth management funds		
Others		13,674,921.69
Total	34,340,000.00	13,674,921.69

(5) Cash receipts relating to other financing activities

Item	The amount incurred in the current period	The amount incurred in the prior period
Financing lease payments		799,500,000.00
Deposit	75,166,997.62	65,000,454.70
Borrowings within companies	598,453,361.09	
Special funds		31,898,117.00
Special loans	35,953,837,482.28	5,730,000,000.00
Total	36,627,457,840.99	6,626,398,571.70

(6) Cash payments relating to other financing activities

Item	The amount incurred in the current period	The amount incurred in the prior period
Principal and interest of financing lease	1,055,373,402.39	1,079,386,915.47
Deposit		65,000,000.00
Special loans	31,758,494,536.42	375,369,502.94
Other financing expenses	52,364,236.25	
Total	32,866,232,175.06	1,519,756,418.41

(b) Supplementary information to the cash flow statement

Supplementary information	The amount incurred in the current period	The amount incurred in the prior period
1. Reconciliation of net profit to cash flow from operating activities:		

Supplementary information	The amount incurred in the current period	The amount incurred in the prior period
Net profit	397,420,781.03	299,982,718.89
Add: Credit impairment losses	65,651,285.34	140,277,701.02
Asset impairment losses	-156,177.61	4,865,493.70
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, etc.	24,726,038.14	35,797,918.42
Amortization of intangible assets	6,121,989.07	6,091,188.49
Amortization of long-term prepaid expenses	8,478,486.44	6,732,733.12
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	21,741.10	-12,644.65
Losses on retirement of fixed assets (gains are indicated by "—")	25,204.57	-36,909.22
Losses on changes in fair value (gains are indicated by "—")	-832,901,360.84	-555,445,134.66
Financial expenses (income is indicated by "—")	2,044,918,814.23	1,428,542,112.76
Losses arising from investments (gains are indicated by "—")	78,967,518.44	-46,275,514.13
Decrease in deferred tax assets (increase is indicated by "—")	-33,664,373.21	-31,306,807.02
Increase in deferred tax liabilities (decrease is indicated by "—")	221,447,387.18	160,800,331.22
Decrease in inventories (increase is listed with "-")	511,416,738.21	-477,086,555.73
Decrease in receivables from operating activities (increase is indicated by "—")	30,373,349,684.93	-3,000,194,654.62
Increase in payables from operating activities (decrease is indicated by "—")	-31,768,381,419.44	992,504,181.21
Other		
Net cash flow from operating activities	1,097,442,337.58	-1,034,763,841.20
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes of cash and cash equivalents:		
Closing balance of cash	11,019,442,675.77	9,570,517,404.10
Less: Opening balance of cash	9,570,517,404.10	11,050,738,957.21
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,448,925,271.67	-1,480,221,553.11

(c) Composition of cash and cash equivalents

Item	Closing balance	Closing balance of prior period
1. Cash	11,019,442,675.77	9,570,517,404.10
Including: cash on hand	58,132.89	132,213.94
Bank deposits	11,009,294,687.85	9,568,489,738.16
Other monetary funds	10,089,855.03	1,895,452.00
Deposits with the central bank		
Deposits with other banks		
2.Cash equivalents		
Including: Investments in debt securities due within three months		
3. Closing balance of cash and cash equivalents	11,019,442,675.77	9,570,517,404.10
Including: Restricted Cash and cash equivalents of the Company and subsidiaries within the Group		

Note: The difference between cash and cash equivalents and monetary funds at the end of the period was RMB 84,574,044.07, mainly including mortgage loan deposits with long term and low liquidity, mortgage deposits, time deposit certificates, bank acceptance bill deposits, guarantee deposits, freeze funds, etc.

(58) Assets with restricted ownership or right-of-use

Item	Closing balance	Reasons of restricted
Cash and cash equivalents	84,574,044.07	Mortgage deposit, guaranteed deposit, bank acceptance note deposit, freeze funds
Long-term equity investments	278,210,736.64	Equity pledge
Inventories	1,512,835,894.72	Secured loan
Investment properties	206,859,284.00	Secured loan
Total	2,082,479,959.43	

IX. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(a) The relevant information of the parent company of the Company is disclosed as follows:

Parent Company	Place of registration	Relationship	Economic type or nature	Shareholding ratio of parent company to the company (%)	Proportion of voting rights of parent company to the company (%)
Zhengzhou State-owned Assets Supervision and Administration Commission	No. 1 Songshan Road, Zhengzhou, Henan Province	Controlling shareholder	Institutional legal entity	100.00	100.00

(b) Other related party trading units

Name	Relationship with the company	Shareholding ratio of company to the company (%)	The proportion of voting rights of the company to the company (%)
Henan Guochuang Culture Development Co., Ltd.	Shareholding company	49.00	49.00
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Shareholding company	30.00	30.00
Henan New Gaodi Holdings Limited	Shareholding company	49.00	49.00
Zhengzhou Ersha Culture Development Co., Ltd.	Shareholding company	22.00	22.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Shareholding company	35.00	35.00
Zhengzhou Zhengdihe New Urban Construction Co., Ltd.	Shareholding company	40.00	40.00
Henan Dongwang Real Estate Co., Ltd.	Shareholding company	51.00	51.00
Henan Zhengdi Runxin Industrial Co., Ltd.	Shareholding company	40.00	40.00
Henan Zhengdi Lanlv New Urbanization Construction Co., Ltd.	Shareholding company	40.00	40.00
Henan Runmu Real Estate Co., Ltd.	Shareholding company	10.00	10.00
Henan Huiying Real Estate Co., Ltd.	Shareholding company	4.00	4.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Shareholding company	30.00	30.00
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Shareholding company	20.00	20.00
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Shareholding company	50.00	50.00
Zhengzhou Housing Real Estate Guarantee Co., Ltd.	Shareholding company	21.30	21.30
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Shareholding company	40.00	40.00
Zhengzhou South Station Hub Investment and Construction Co., Ltd	Shareholding company	20.00	20.00
Zhengzhou Jindai Construction Investment Co., Ltd.	Shareholders of the controlling subsidiary of the company		

Name	Relationship with the company	Shareholding ratio of company to the company (%)	The proportion of voting rights of the company to the company (%)
China Power Construction Road and Bridge Group Co., Ltd.	Shareholders of the controlling subsidiary of the company		

(c) Major related party transactions

Related party	Related party transaction type	Related party transactions	The amount incurred in the current period		The amount incurred in the prior period	
			Amount	Proportion (%)	Amount	Proportion (%)
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Asset operation service	Property management service	3,581,524.53	1.24	5,785,539.63	1.65
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Money lending	Receiving borrowing Interest	4,319,677.42	1.50	21,948,782.88	6.25
Henan Guochuang Culture Development Co., Ltd.	Money lending	Receiving borrowing Interest	13,896,154.21	4.82	32,774,258.79	9.34
Henan Dongwang Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	45,066,092.53	15.64	37,615,870.41	10.72
Henan Runmu Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	34,903,230.81	12.11	17,768,363.92	5.06
Henan Huiying Real Estate Co., Ltd.	Money lending	Receiving borrowing Interest	47,306,267.30	16.42	48,021,750.51	13.68
Henan Yanhu Real Estate Development Co., Ltd.	Money lending	Receiving borrowing Interest	20,163,784.07	7.00	90,141,745.28	25.68

Related party	Related party transaction type	Related party transactions	The amount incurred in the current period		The amount incurred in the prior period	
			Amount	Proportion (%)	Amount	Proportion (%)
Zhengzhou Jindai Construction Investment Co., Ltd.	Money lending	Receiving borrowing Interest	64,206,486.58	22.28	52,374,961.66	14.92
Zhengzhou Ersha Culture Development Co., Ltd.	Money lending	Receiving borrowing Interest	1,158,424.52	0.40	1,138,551.88	0.32
China Power Construction Road and Bridge Group Co., Ltd.	Labor service	Service fee	6,249,524.87	2.17	3,773,584.80	1.08
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Consulting services	Consulting fees	800,000.00	0.28	400,000.00	0.11
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Operation and maintenance services	Operation and maintenance costs	46,526,225.58	16.14	39,248,675.49	11.19
Total			288,177,392.42	100.00	350,992,085.25	100.00

Note: For subsidiaries that have a controlling relationship and have been included in the scope of the Company's consolidated financial statements, their mutual transactions and transactions between parent and subsidiary companies have been eliminated.

(d) Major receivables and payables of related parties

Related party	Account	Closing balance	Closing balance of prior period
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Accounts receivable	3,796,816.00	2,482,272.00
Henan Runmu Real Estate Co., Ltd.	Accounts receivable	2,761,980.65	

Related party	Account	Closing balance	Closing balance of prior period
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Accounts receivable	424,000.00	424,000.00
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Accounts receivable	49,730,016.00	42,664,549.33
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Accounts receivable	5,934.00	42,406.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Accounts receivable	5,140.60	
China Power Construction Road and Bridge Group Co., Ltd.	Accounts receivable	4,629,866.89	
Zhengzhou Shangdu Impression Business Management Co., Ltd.	Prepayments	5,312,091.59	
China Power Construction Road and Bridge Group Co., Ltd.	Prepayments	6,274,771.81	
Zhengzhou State owned Assets Supervision and Administration Commission	Other receivables	200,000,000.00	200,000,000.00
China Power Construction Road and Bridge Group Co., Ltd.	Other receivables	2,117,164.90	
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Other receivables	498,955.39	
Henan Dongwang Real Estate Co., Ltd.	Other receivables	659,771,709.28	613,139,610.49
Henan Zhengdi Lanlv New Urbanization Construction Co., Ltd.	Other receivables	42,259,101.21	42,259,101.21
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Other receivables		16,442.95
Henan Zhengdi Runxin Industrial Co., Ltd.	Other receivables	149,970,572.39	
Henan Yanhu Real Estate Development Co., Ltd.	Other receivables		972,429,250.00
Henan Zhonglianchuang Real Estate Development Co., Ltd.	Other receivables	173,316,873.49	168,569,277.40
Zhengzhou Ersha Culture Development Co., Ltd.	Other current assets	16,645,145.00	15,401,797.79
Henan Guochuang Cultural Development Co., Ltd.	Other current assets	278,424,711.14	404,585,560.11
Henan Huiying Real Estate Co., Ltd.	Other current assets		543,125,164.50
Henan Runmu Real Estate Co., Ltd.	Other current assets		434,274,564.70
Henan Zhengdi Runxin Industrial Co., Ltd.	Other current assets		149,307,041.10
Zhengzhou Jindai Construction Investment Co., Ltd.	Long-term receivables	2,175,034,000.00	2,175,034,000.00
Total		3,770,978,850.34	5,763,755,037.58

Related party	Account	Closing balance	Closing balance of prior period
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Accounts payable	3,098,685.60	1,777,165.34
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Accounts payable	1,903,129.49	1,016,630.89
Henan Huiying Real Estate Co., Ltd.	Accounts payable	49,198,104.00	
China Power Construction Road and Bridge Group Co., Ltd.	Accounts payable	676,788,722.91	
Zhengzhou Urban Construction Jucheng Theater Management Co., Ltd.	Accounts payable	5,990,000.00	
Henan Yanhu Real Estate Development Co., Ltd.	Receipts in advance		6,129,500.00
Zhengzhou Chengfa Suoke Technology Service Co., Ltd.	Other payables	376,653.52	120,337.52
Zhengzhou Zhengdi Hexin Urban Construction Co., Ltd.	Other payables	1,164,981.91	1,015,641.48
Henan Dongwang Real Estate Co., Ltd.	Other payables	7,183,905.26	7,285,243.00
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Other payables		40,154.96
China Power Construction (Zhengzhou) Urban Construction Investment Management Co., Ltd.	Other payables	3,183,102.10	3,183,102.10
Total		748,887,284.79	20,567,775.29

X. CONTINGENT EVENT

As at December 31, 2024, the Company has the following external guarantee matters

Guarantor	Guarantee	Guarantee amount	Guarantee balance	Guarantee term
Zhengzhou Urban Development Group Co., Ltd.	Henan Guochuang Cultural Development Co., Ltd.	631,120,000.00	291,396,369.86	2024.01.01 to 2043.11.21

Note: Zhengzhou Investment Group Co., Ltd. has provided a counter guarantee for the Company's guarantee to Henan Guochuang Cultural Development Co., Ltd. The amount and term of the counter guarantee are consistent with the above-mentioned guarantee amount and term.

XI. SUBSEQUENT EVENTS

As of December 31, 2024, the Company had no events after the balance sheet date.

XII. NOTES TO MAJOR ACCOUNT OF THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

(a) Disclosed by Aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	233,758,100.00	379,587,364.00
1 to 2 years	235,853,764.00	2,910,522.00
2 to 3 years	2,910,522.00	710,511.12
3 to 4 years	710,511.12	
4 to 5 years		343,318.23
More than 5 years	682,191,318.23	681,848,000.00
Subtotal	1,155,424,215.35	1,065,399,715.35
Less: Provision for bad debts	482,304.03	383,884.97
Total	1,154,941,911.32	1,065,015,830.38

(b) Accounts receivable are listed by type as follows

Category	Closing balance			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	1,155,424,215.35	100.00	482,304.03	0.04
Including: Aging combination	209,864.00	0.02	10,493.20	5.00
Low risk combination	1,155,214,351.35	99.98	471,810.83	0.04
Total	1,155,424,215.35	100.00	482,304.03	0.04

(Continued)

Category	Closing balance of prior period			
	Book balance		Provision for bad debts	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Accounts receivable with single provision for bad debts				
Accounts receivable with bad debt provision based on combination of credit risk characteristics	1,065,399,715.35	100.00	383,884.97	0.04
Including: Aging combination	209,864.00	0.02	2,098.64	1.00
Low risk combination	1,065,189,851.35	99.98	381,786.33	0.04
Total	1,065,399,715.35	100.00	383,884.97	0.04

(c) Accounts receivable for bad debt provision by group

(i) In the combination, accounts receivable using aging combination

Aging	Closing balance		
	Book balance		Provisions
	Amount	Proportion (%)	
Within 1 year			
1 to 2 years	209,864.00	100.00	10,493.20
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years			
Total	209,864.00	100.00	10,493.20

(ii) Accounts receivable with bad debt provisions using low risk combination

Combination name	Closing balance			Closing balance of prior period		
	Book balance	Proportion (%)	Provisions	Book balance	Proportion (%)	Provisions
Related parties combination	683,403,522.00			683,403,522.00		
Government combinations	471,810,829.35	0.10	471,810.83	381,786,329.35	0.10	381,786.33
Total	1,155,214,351.35	0.10	471,810.83	1,065,189,851.35	0.10	381,786.33

(d) Top five accounts receivable based on debtor

Entity	Closing balance	Proportion to the total amount of accounts receivable at the end of the period (%)
Zhengzhou Xiliuhu Holdings Co., Ltd.	681,848,000.00	59.01
Zhengzhou Key Project Construction Center	469,402,000.00	40.63
Henan Yatong Real Estate Co., Ltd	1,555,522.00	0.13
Zhengzhou Guancheng Hui District Housing Acquisition and Compensation Office	1,355,000.00	0.12
Zhengzhou Affordable Housing Center	1,053,829.35	0.09
Total	1,155,214,351.35	99.98

(2) Other receivables

(a) Presentation of items

Item	Closing balance	Closing balance of prior period
Interest receivable		
Dividends receivable	15,447,600.00	15,447,600.00
Other receivables	12,318,071,458.02	12,192,528,556.38

Item	Closing balance	Closing balance of prior period
Total	12,333,519,058.02	12,207,976,156.38

(b) Dividend receivables

Item	Closing balance	Closing balance of prior period
Henan Donglong Holding Co., Ltd.	15,447,600.00	15,447,600.00
Total	15,447,600.00	15,447,600.00

(c) Other receivables

(1) Disclosure by aging

Aging	Closing balance	Closing balance of prior period
Within 1 year	3,223,898,001.64	6,042,778,804.15
1 to 2 years	5,297,280,796.40	2,407,981,776.63
2 to 3 years	1,927,001,388.24	2,060,537,032.12
3 to 4 years	1,230,737,032.12	1,452,798,336.54
4 to 5 years	520,240,609.72	167,839,309.77
More than 5 years	156,437,993.97	92,144,640.62
Subtotal	12,355,595,822.09	12,224,079,899.83
Less: Provision for bad debts	37,524,364.07	31,551,343.45
Total	12,318,071,458.02	12,192,528,556.38

(2) Details of classification by nature

Nature	Closing balance	Closing balance of prior period
Related party current payments	12,160,076,329.84	12,015,141,197.78
Company current payments	125,508,592.25	123,936,902.05
Deposits, Reserve fund and others	70,010,900.00	85,001,800.00
Subtotal	12,355,595,822.09	12,224,079,899.83
Less: Provision for bad debts	37,524,364.07	31,551,343.45
Total	12,318,071,458.02	12,192,528,556.38

(3) Provision for bad debts

Types	Closing balance of prior period	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Elimination or write-off	
Stage I	31,551,343.45	5,973,020.62			37,524,364.07
Stage II					

Types	Closing balance of prior period	Amount of change in the current period			Closing balance
		Provision	Recovery or reversal	Elimination or write-off	
Stage III					
Total	31,551,343.45	5,973,020.62			37,524,364.07

(4) Top five other receivables based on debtors

Entity	Closing balance	Aging	Nature of money
Zhengzhou Xiliuhu Holdings Co., Ltd.	4,067,296,506.25	Within 1 year and 1 to 5 years	Current payment
Zhengzhou Healthy City Development Co., Ltd.	3,651,945,579.79	Within 1 year and 1 to 4 years	Current payment
Zhengzhou Shangdu Holding Group Co., Ltd.	1,886,713,891.66	Within 1 year and 1 to 4 years	Current payment
Zhengzhou Chengfa Anju Co., Ltd	1,107,282,698.63	Within 1 year	Current payment
Henan Zhengdi Infrastructure Construction Co., Ltd	672,278,621.27	Within 1 year	Current payment
Total	11,385,517,297.60		

(5) There were no other receivables actually written off during the reporting period.

(6) There are no other receivables related to government grants during the reporting period.

(7) During the reporting period, there were no other receivables derecognized due to the transfer of financial assets.

(8) During the reporting period, there is no amount of assets and liabilities formed by transferring other receivables and continuing to be involved.

(3) Long-term equity investments

(a) Long-term equity investment classification

Items	Closing balance of prior period	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries	31,394,774,255.15	16,225,634,330.96	13,345,747,067.22	34,274,661,518.89
Investment in joint ventures and associates	1,336,891,487.55	168,721,000.00	128,439,376.56	1,377,173,110.99
Subtotal	32,731,665,742.70	16,394,355,330.96	13,474,186,443.78	35,651,834,629.88
Less: Long-term equity investment impairment provision				
Total	32,731,665,742.70	16,394,355,330.96	13,474,186,443.78	35,651,834,629.88

(b) Details of long-term equity investment

Investee	Accounting Method	Cost of investment	Closing balance of prior period
1. Subsidiaries		32,675,809,040.31	31,394,774,255.15
Henan Datong Investment Co., Ltd.	Cost method	25,500,000.00	25,500,000.00

Investee	Accounting Method	Cost of investment	Closing balance of prior period
Zhengzhou Shangdu Holding Group Co., Ltd.	Cost method	1,325,000,000.00	1,325,000,000.00
Zhengzhou Xiliuhu Holdings Co., Ltd.	Cost method	424,099,350.00	424,099,350.00
Zhengzhou Real Estate Group Urban Development Co., Ltd.	Cost method	740,000,000.00	740,000,000.00
Zhengzhou Real Estate Group Investment Management Co., Ltd.	Cost method	300,000,000.00	300,000,000.00
Zhengzhou Urban Construction Group Investment Co., Ltd.	Cost method	11,473,789,503.21	11,473,789,503.21
Zhengzhou Public Housing Construction Investment Co., Ltd.	Cost method	1,770,350,925.03	1,770,350,925.03
Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.	Cost method	1,000,000,000.00	1,000,000,000.00
Henan Zhengdi Xincheng Construction Industry Development Co., Ltd.	Cost method	890,000,000.00	890,000,000.00
Henan Zhengdi Ecological Development Co., Ltd.	Cost method	100,000,000.00	100,000,000.00
Henan Zhengdi Olympic Sports Center Management Co., Ltd.	Cost method	108,000,000.00	108,000,000.00
Zhengzhou Shangdu Commercial Development Co., Ltd.	Cost method	1,103,173,418.02	1,103,173,418.02
Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.	Cost method	55,114,177.72	55,114,177.72
Henan Zhengdi Chancheng Integration Construction Development Co., Ltd.	Cost method	200,000,000.00	200,000,000.00
Zhengzhou Chengfa Anju Co., Ltd	Cost method	11,177,506,900.00	11,177,506,900.00
Zhengzhou Chengfa Anju Technology Co., Ltd	Cost method	1,000,000,000.00	
Zhengzhou Chengfa Production City Investment Group Co., Ltd	Cost method	150,000,000.00	150,000,000.00
Zhengzhou Xiesheng Real Estate Co., Ltd	Cost method	346,575,291.00	346,575,291.00
Zhengzhou Zhengdi Kangping Industrial Co., Ltd	Cost method	10,011,251.19	10,011,251.19
Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.	Cost method	195,653,438.98	195,653,438.98
Henan Zhengdi Infrastructure Construction Co., Ltd	Cost method	281,034,785.16	
2. Joint ventures and associates		861,853,000.00	1,336,891,487.55
Henan Zhonglianchuang Real Estate Development Co., Ltd	Equity method	30,000,000.00	644,276,017.49
Henan Xingaodi Holdings Limited	Equity method	24,500,000.00	30,567,029.21
Henan Guochuang Culture Development Co., Ltd.	Equity method	147,000,000.00	
China Power Construction Zhengzhou Ecological Construction Management Co., Ltd.	Equity method	245,853,000.00	301,951,230.28
Henan Chengtou Ecological Environment Management Co., Ltd.	Equity method	332,500,000.00	341,762,844.96
Zhengzhou Ersha Culture Development Co., Ltd.	Equity method	22,000,000.00	18,334,365.61
Zhengzhou South Station Hub Investment and Construction Co., Ltd	Equity method	60,000,000.00	
Total		35,136,514,518.89	32,731,665,742.70

(Continued)

Investee	Changes in the current year	Closing balance	Proportion of shareholding (%)	Proportion of voting rights (%)
1. Subsidiaries	2,879,887,263.74	34,274,661,518.89		
Henan Datong Investment Co., Ltd.		25,500,000.00	51.00	51.00
Zhengzhou Shangdu Holding Group Co., Ltd.		1,325,000,000.00	77.94	77.94
Zhengzhou Xiliuhu Holdings Co., Ltd.		424,099,350.00	100.00	100.00
Zhengzhou Real Estate Group Urban Development Co., Ltd.	687,606,249.99	1,427,606,249.99	100.00	100.00
Zhengzhou Real Estate Group Investment Management Co., Ltd.	354,073,861.12	654,073,861.12	100.00	100.00
Zhengzhou Urban Construction Group Investment Co., Ltd.		11,473,789,503.21	100.00	100.00
Zhengzhou Public Housing Construction Investment Co., Ltd.	-1,770,350,925.03		100.00	100.00
Yellow River Cross-Strait Cultural Tourism Development Co., Ltd.		1,000,000,000.00	100.00	100.00
Henan Zhengdi Xincheng Construction Industry Development Co., Ltd.	284,619,373.63	1,174,619,373.63	100.00	100.00
Henan Zhengdi Ecological Development Co., Ltd.		100,000,000.00	100.00	100.00
Henan Zhengdi Olympic Sports Center Management Co., Ltd.	6,000,000.00	114,000,000.00	100.00	100.00
Zhengzhou Shangdu Commercial Development Co., Ltd.	225,261,545.03	1,328,434,963.05	100.00	100.00
Zhengzhou Zhonglianchuang Zhengdong Real Estate Co., Ltd.		55,114,177.72	90.00	90.00
Henan Zhengdi Chancheng Integration Construction Development Co., Ltd.		200,000,000.00	60.00	60.00
Zhengzhou Chengfa Anju Co., Ltd	-11,177,506,900.00		100.00	100.00
Zhengzhou Chengfa Anju Technology Co., Ltd	13,959,160,525.03	13,959,160,525.03	100.00	100.00
Zhengzhou Chengfa Production City Investment Group Co., Ltd	386,575,291.00	536,575,291.00	100.00	100.00
Zhengzhou Xiesheng Real Estate Co., Ltd	-346,575,291.00		100.00	100.00
Zhengzhou Zhengdi Kangping Industrial Co., Ltd	-10,011,251.19		100.00	100.00
Zhengzhou Zhengfang Surveying and Mapping Co., Ltd.		195,653,438.98	100.00	100.00
Henan Zhengdi Infrastructure Construction Co., Ltd	281,034,785.16	281,034,785.16	100.00	100.00
2. Joint ventures and associates	40,281,623.44	1,377,173,110.99		
Henan Zhonglianchuang Real Estate Development Co., Ltd	-155,025,653.59	489,250,363.90	30.00	30.00
Henan Xingaodi Holdings Limited	73,872.12	30,640,901.33	49.00	49.00
Henan Guochuang Culture Development Co., Ltd.			49.00	49.00
China Power Construction Zhengzhou Ecological	14,070,166.45	316,021,396.73	35.00	35.00

Investee	Changes in the current year	Closing balance	Proportion of shareholding (%)	Proportion of voting rights (%)
Construction Management Co., Ltd.				
Henan Chengtou Ecological Environment Management Co., Ltd.	122,050,701.87	463,813,546.83	23.80	23.80
Zhengzhou Ersha Culture Development Co., Ltd.	-541,328.17	17,793,037.44	22.00	22.00
Zhengzhou South Station Hub Investment and Construction Co., Ltd	59,653,864.76	59,653,864.76	20.00	20.00
Total	2,920,168,887.18	35,651,834,629.88		

(4) Operating revenue and cost of sales

Items	The amount incurred in the current period		The amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	617,306,309.82	533,246,726.93	1,127,877,191.67	1,052,452,953.09
Assets operating	102,093,838.82	24,663,044.92	64,589,517.22	20,964,082.91
Infrastructure construction	508,655,867.23	508,583,682.01	1,036,103,294.96	1,024,765,353.91
Property sales			6,429,662.85	6,723,516.27
Management Consulting	6,556,603.77		20,754,716.64	
2. Other business subtotal	706,816,199.60	446,901,090.75	697,727,542.25	450,403,884.95
House rent	8,039,515.73		7,290,918.34	
Capital occupation fee income	698,697,391.83	446,901,090.75	689,368,393.41	450,224,108.49
Others	79,292.04		1,068,230.50	179,776.46
Total	1,324,122,509.42	980,147,817.68	1,825,604,733.92	1,502,856,838.04

(5) Investment income

1. Details of investment income

Sources of investment income	The amount incurred in the current period	The amount incurred in the prior period
Income from long-term equity investments under equity method	-122,674,128.04	-5,718,081.10
Investment income on disposal of long-term equity investments		203,830,000.00
Investment income from holding financial assets at FVTPL		
Dividend income from holding investments in other equity instruments		
Investment income from disposal of financial assets at FVTPL		
Others	-7,841,312.62	656,362.93
Total	-130,515,440.66	198,768,281.83

(There is no context on this page, it is the signature and seal page of the notes to the financial statements of Zhengzhou Urban Development Group Co., Ltd.)

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Legal representative: 万永生印

Principal in charge of accounting: 潘建民印

Head of accounting department: 李刚

Date: April 26, 2025

Date: April 26, 2025

Date: April 26, 2025

ISSUER

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