

Consolidated and Company Balance Sheets (continue)

As at 31 December 2024

Prepared by: Guangzhou Development District Holdings Group Co., Ltd.

Expressed in RMB


Item	Note	As at 30/6/2024		As at 31/12/2023	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	VIII. 31	11,326,966,638.61	6,983,380,707.64	11,287,663,978.32	6,364,252,792.74
Borrowings from central bank					
Borrowings from banks and other financial institutions					
Financial liabilities held for trading	VIII. 32	3,167,565.99		2,270,381.12	
Derivative financial liabilities	VIII. 33	33,115,304.41		24,042,933.80	
Bills payable	VIII. 34	1,970,282,215.02		1,916,558,378.56	
Accounts payable	VIII. 35	3,440,571,401.85	17,283,545.67	2,727,728,536.11	29,280,182.04
Advances from customers	VIII. 36	3,518,616.90		3,499,922.60	
Contract liabilities	VIII. 37	595,175,619.27	61,931.74	773,548,132.67	15,616.09
Disposal of repurchased financial assets	VIII. 38	4,146,863,295.17		4,094,508,535.58	
Taking deposits and interbank deposits					
Funds received as agent of stock exchange	VIII. 39	8,148,244,019.69		5,027,252,281.08	
Funds received as stock underwrite					
Employee benefits payable	VIII. 40	439,005,249.82	53,730,021.44	460,273,732.78	53,189,459.65
Including: Payroll payable	VIII. 40	424,301,151.66	52,471,227.03	444,990,361.62	52,314,454.17
Benefit payable	VIII. 40	8,710.58		429,683.81	
Taxes payable	VIII. 41	313,003,032.16	70,548,814.59	287,619,047.25	71,481,343.38
Including: Tax payable		308,711,058.29	67,875,448.51	283,043,929.85	68,751,429.86
Other payables	VIII. 42	3,527,650,795.83	626,475,389.37	2,510,036,643.86	453,702,661.21
Including: Dividends payable		104,470,037.89		170,926,313.92	
Liabilities held for sale					
Non-current liabilities due within one year	VIII. 43	16,964,593,320.73	10,972,105,444.25	9,990,860,976.36	12,824,719,776.03
Other current liabilities	VIII. 44	8,021,071,013.90	4,024,937,422.62	5,194,658,464.58	3,201,686,245.28
Total current liabilities		58,933,228,089.35	22,748,523,277.32	44,300,521,944.67	22,998,328,076.42
Non-current liabilities:					
Long-term loans	VIII. 45	21,602,899,017.13	8,093,821,000.00	24,736,327,832.54	11,493,673,000.00
Bonds payable	VIII. 46	29,630,302,290.18	25,875,663,446.24	25,239,414,004.24	20,614,259,070.99
Including: Preference shares					
Perpetual debts					
Lease liabilities	VIII. 47	1,112,684,053.18	653,195,255.31	1,102,698,441.69	642,786,176.45
Long-term payables	VIII. 48	1,612,154,530.57	1,001,951,065.18	1,182,390,300.52	1,088,383.03
Long-term employee benefits payable	VIII. 49	31,056,271.35	31,056,271.35	35,089,608.01	35,089,608.01
Provisions	VIII. 50	180,119,921.39		195,048,520.46	
Deferred income	VIII. 51	221,767,193.71	1,062,251.77	236,881,835.11	1,062,251.77
Deferred tax liabilities	VIII. 29	1,501,486,410.89	62,656,641.75	1,502,718,719.93	54,408,643.60
Other non-current liabilities	VIII. 52	403,536,940.45		151,393,562.63	
Including: Authorized reserve fund					
Total non-current liabilities		56,296,006,628.85	35,719,405,931.60	54,381,962,825.13	32,842,367,133.85
Total liabilities		115,229,234,718.20	58,467,929,208.92	98,682,484,769.80	55,840,695,210.27
Shareholders' equity:					
Paid-in capital	VIII. 53	11,484,950,284.14	11,484,950,284.14	11,484,950,284.14	11,484,950,284.14
State-owned capital		11,484,950,284.14	11,484,950,284.14	11,484,950,284.14	11,484,950,284.14
State-owned corporate capital					
Collective capital					
Private capital					
Foreign capital					
Net paid-in capital		11,484,950,284.14	11,484,950,284.14	11,484,950,284.14	11,484,950,284.14
Other equity instruments	VIII. 54	8,800,000,000.00	8,800,000,000.00	8,498,857,735.85	8,498,557,735.85
Including: Preference shares					
Perpetual debts		8,800,000,000.00	8,800,000,000.00	8,498,857,735.85	8,498,557,735.85
Capital reserve	VIII. 55	6,393,819,539.34	5,198,773,110.92	6,975,987,235.44	5,140,899,987.07
Less: treasury shares					
Other comprehensive income		423,596,678.37	-3,153,866.48	376,613,484.16	-12,609,310.48
Including: Difference on translation of foreign currency statements		1,754,303.95		647,477.00	
Specific reserve	VIII. 56	2,021,580.72			
Surplus reserve					
Including: Statutory surplus reserve					
Other surplus reserve					
General risk reserve	VIII. 57	84,977,422.55		69,837,616.19	
Retained earnings	VIII. 58	-716,038,570.23	-437,123,382.82	852,134,449.55	-536,772,680.57
Total equity attributable to shareholders of the Company		26,473,326,934.89	25,043,446,145.76	28,258,380,805.33	24,575,026,016.01
Non-controlling interests		18,091,190,540.21		24,118,812,379.71	
Total shareholders' equity		44,564,517,475.10	25,043,446,145.76	52,377,193,185.04	24,575,026,016.01
Total liabilities and shareholders' equity		159,793,752,193.30	83,511,375,354.68	151,059,677,954.84	80,415,721,226.28

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:







Consolidated and Company Income Statements

For the year ended 31 December 2024

Prepared by: Guangzhou Development District Holdings Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2024		Year ended 31/12/2023	
		Consolidated	Company	Consolidated	Company
I.Total operating income		12,493,732,056.49	296,697,876.53	14,212,064,887.18	240,700,192.76
Including: Operating income	VIII. 59	11,369,427,339.55	296,697,876.53	13,119,640,052.50	240,700,192.76
Interest income	VIII. 59	636,762,642.92		620,193,920.91	
Insurance premiums earned					
Handling charges and commissions income	VIII. 59	487,542,074.02		472,230,913.77	
II.Total operating costs		14,361,544,057.08	1,103,939,641.33	14,908,610,991.32	1,102,217,154.80
Including: Operating costs	VIII. 59	9,149,389,041.39	59,641,941.45	10,077,016,460.25	61,287,615.58
Interest expenses	VIII. 59	234,482,913.16		220,339,540.49	
Handling charges and commissions expenses	VIII. 59	105,277,784.56		93,187,563.18	
Refund of insurance premiums					
Net payments for insurance claims					
Net appropriation of deposit for duty					
Commissions on insurance policies					
Cession charges					
Taxes and surcharges	VIII. 60	254,888,816.33	54,074,038.00	294,768,659.82	43,389,812.59
Selling and distribution expenses	VIII. 61	271,409,234.48		299,200,794.84	
General and administrative expenses	VIII. 62	1,562,687,289.68	92,354,256.79	1,625,486,028.73	103,038,126.74
Research and development expenses	VIII. 63	326,576,479.10		404,495,665.94	
Financial expenses	VIII. 64	2,456,832,498.38	897,869,405.09	1,894,116,278.07	894,501,599.89
Including: Interest expenses		2,742,591,131.24	2,301,016,657.74	2,345,914,149.18	2,117,429,194.83
Interest income		408,439,618.30	1,511,581,358.33	622,156,430.56	1,340,254,881.70
Foreign exchange net loss ("-" for net gain)		109,627,490.54	108,349,641.46	159,014,835.80	117,250,457.71
Others					
Add: Other income	VIII. 65	205,794,170.50	73,046,386.03	185,370,603.79	
Investment income ("-" for losses)	VIII. 66	2,062,316,157.31	1,091,374,149.83	1,660,076,058.51	864,495,328.19
Including: Income from investment in associates and joint ventures ("-" for losses)		675,785,095.70	-14,901,959.23	952,040,214.64	-11,342,919.17
Gain from derecognition of financial assets measured at amortized cost ("-" for losses)					
Gain or loss on foreign exchange ("-" for losses)					
Net exposure hedging gains ("-" for losses)					
Gains from changes in fair value ("-" for losses)	VIII. 67	-522,823,325.80	47,584,299.36	61,764,395.91	-66,310,812.69
Credit impairment losses ("-" for losses)	VIII. 68	-97,296,893.63	557,046.50	-174,733,461.37	-81,296.35
Impairment losses ("-" for losses)	VIII. 69	-296,112,594.96		-40,868,230.78	
Gains from assets disposal ("-" for losses)	VIII. 70	-19,197,172.16	-281,034.86	868,525.93	
III.Operating profit ("-" for losses)		-535,131,659.33	405,039,082.06	995,931,787.85	-63,413,742.89
Add: Non-operating income	VIII. 71	31,199,394.13	8,743,891.41	21,260,497.43	4,421,094.10
Including: Government grants		2,133,971.47		12,246,443.13	4,373,170.45
Less: Non-operating expenses	VIII. 72	244,780,779.82	12,152,551.44	232,868,680.95	10,589,535.82
IV.Profit before income tax ("-" for losses)		-748,713,045.02	401,630,422.03	784,323,604.33	-69,582,184.61
Less: Income tax expenses	VIII. 73	206,309,572.91	8,366,679.84	253,703,836.65	8,858,824.59
V.Net profit for the period ("-" for losses)		-955,022,617.93	393,263,742.19	530,619,767.68	-78,441,009.20
(1) Classification according to attribute					
Including: Shareholders of the parent company ("-" for net loss)		-1,259,418,768.98	393,263,742.19	-314,530,960.61	-78,441,009.20
Non-controlling interests ("-" for net loss)		304,396,151.05		845,150,728.29	
(2) Classification according to operation continuity					
Including: Net profit from continuing operations ("-" for net loss)		-955,022,617.93	393,263,742.19	530,619,767.68	-78,441,009.20
Net profit from discontinued operations ("-" for net loss)					
VI.Other comprehensive income, net of tax		70,203,470.64	9,455,444.00	161,025,215.68	-8,254,128.87
Other comprehensive income net of tax attributable to shareholders of the parent company	VIII. 74	46,983,194.21	9,455,444.00	97,376,401.82	-8,254,128.87
A. Items that will not be reclassified to profit or loss		-7,477,367.92		-2,250,945.99	
a. Remeasurement of defined benefit plan liability or asset					
b. Share of other comprehensive income of the equity method investments		1,659,169.38			
c. Changes in fair value of other equity instrument investments		-9,136,537.30		-2,250,945.99	
d. Changes in fair value of enterprise's own credit risk					
e. Others					
B. Items that may be reclassified to profit or loss		54,460,562.13	9,455,444.00	99,627,347.81	-8,254,128.87
a. Share of other comprehensive income of the equity method investments		7,768,383.39	9,455,444.00	-5,825,265.58	-8,254,128.87
b. Changes in fair value of other debt investments		42,391,920.72		57,853,707.76	
c. Amount of financial assets reclassified into other comprehensive income					
d. Provision for credit impairment of other debt investments		-10,775,877.79		-3,910,648.71	
e. Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)					
f. Translation differences arising from translation of foreign currency financial statements		1,106,826.95		1,207,677.36	
g. Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value					
h. Difference between the consideration received and corresponding proportion of the subsidiary's net assets prior to the loss of control if each of the multiple transactions forms part of a bundled transaction when a parent disposes its subsidiary in stages					
i. Others		13,969,308.86		50,301,876.98	
Other comprehensive income net of tax attributable to non-controlling interests		23,220,276.43		63,648,813.86	
VII.Total comprehensive income for the period		-884,819,147.29	402,719,186.19	691,644,983.36	-86,695,138.07
Attributable to: Shareholders of the parent company		-1,212,435,574.77	402,719,186.19	-217,154,558.79	-86,695,138.07
Non-controlling interests		327,616,427.48		908,799,542.15	

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:










Consolidated and Company Cash Flow Statements

For the year ended 31 December 2024

Prepared by: Guangzhou Development District Holdings Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2024		Year ended 31/12/2023	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Proceeds from sales of goods or rendering of services		11,098,077,059.07	300,323,160.53	13,790,298,769.81	244,898,515.38
Net increase in deposits from customers and placements from bank					
Net increase in loan from central bank					
Net increase in funds borrowed from other financial institutions					
Net cash premiums received from original insurance contracts					
Net cash received from re-insurance business					
Net increase in deposits and investments from insurers					
current profits and losses					
Interest, handling charges and commissions received		981,911,088.74		883,190,841.95	
Net increase in funds deposit		1,369,999,550.00		569,999,850.00	
Net increase in repurchase business funds				1,347,231,997.19	
Net cash received from agents buying or selling securities		2,897,195,610.44			
Refund of taxes		179,996,675.22	8,107,321.86	237,369,649.54	
Proceeds from other operating activities		1,208,496,458.94	383,005,973.49	1,818,489,859.51	206,367,581.83
Sub-total of cash Inflows		17,735,676,442.41	691,436,455.88	18,646,580,968.00	451,266,097.21
Payment for goods and services		10,792,499,923.65	36,484,520.07	12,896,751,675.68	54,824,304.85
Net increase in loans and payments on behalf					
Net increase in deposits with central bank and interbank					
Payments of claims for original insurance contracts					
Net increase in the amount of lending to banks and other financial institutions		2,214,252,143.49		466,163,383.66	
Interests, handling charges and commissions paid		247,617,422.64		173,526,418.15	
Commissions on insurance policies paid					
Payment to and for employees		1,500,002,092.54	64,423,698.13	1,467,212,410.77	57,822,306.86
Payments of various taxes		937,100,257.62	162,811,154.29	1,617,851,216.40	118,950,228.42
Payment for other operating activities		2,047,872,555.82	194,120,808.85	2,080,970,617.62	32,791,119.67
Sub-total of cash outflows		17,739,344,395.76	457,840,181.34	18,702,475,722.28	264,387,959.80
Net cash flows from operating activities	VIII. 72	-3,667,953.35	233,596,274.54	-55,894,754.28	186,878,137.41
II. Cash flows from investing activities					
Proceeds from disposal of Investments		39,205,848,207.75	16,746,069,321.42	18,926,718,826.57	11,130,102,973.20
Investment Income received		1,855,428,786.06	884,261,951.86	1,064,708,023.75	1,339,087,983.11
assets		10,920,813.90	17,908.00	18,282,733.74	210.00
Net proceeds from disposal of subsidiaries and other business units		320,138,151.74			
Proceeds from other Investing activities		2,254,900,199.47	21,711,723,186.68	2,944,332,003.09	16,420,738,016.35
Sub-total of cash Inflows		43,647,236,158.92	39,342,072,367.96	22,954,041,587.15	28,889,929,182.66
Payment for acquisition of fixed assets, Intangible assets and other long-term assets		8,287,496,148.05	20,689,254.45	5,161,862,101.40	3,565,415.14
Payment for acquisition of Investments		37,370,269,961.14	17,542,389,653.33	28,539,092,493.03	16,903,590,243.54
Net increase in secured loans					
Net payment for acquisition of subsidiaries and other business units					
Payment for other Investing activities		1,620,505,694.20	22,975,996,059.21	1,940,986,952.03	13,833,604,544.00
Sub-total of cash outflows		47,278,271,803.39	40,539,074,966.99	35,641,941,546.46	30,740,760,202.68
Net cash flows from investing activities		-3,631,035,644.47	-1,197,002,599.03	-12,687,899,959.31	-1,850,831,020.02
III. Cash flows from financing activities					
Proceeds from Investors		4,133,764,003.00	4,063,480,000.00	8,031,518,913.18	7,209,480,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries		70,234,003.00		59,174,000.00	
Proceeds from borrowings		52,168,408,449.90	39,108,310,028.00	45,584,044,979.79	30,473,979,531.37
Proceeds from other financing activities		2,874,479,808.22	6,729,143,284.94	3,511,400,236.04	4,545,928,894.97
Sub-total of cash Inflows		59,176,652,261.12	49,900,933,312.94	57,126,964,129.01	42,229,388,426.34
Repayments of borrowings		43,145,855,243.78	36,869,589,864.70	33,947,473,878.49	25,552,204,000.00
Payment for dividends, profit distributions or Interest		3,883,489,865.48	2,541,742,950.09	3,227,292,448.79	2,365,658,553.78
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		341,208,637.44		450,491,235.36	
Payment for other financing activities		11,015,517,489.22	12,529,647,519.92	4,768,283,251.20	8,244,594,500.49
Sub-total of cash outflows		58,044,862,598.48	51,940,980,334.71	41,943,049,578.48	36,162,457,054.27
Net cash flows from financing activities		1,131,789,662.64	-2,040,047,021.77	15,183,914,550.53	6,066,931,372.07
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-10,538,149.23	-5,064,318.89	-52,257,651.98	-10,381,168.12
V. Net Increase In cash and cash equivalents	VIII. 75	-2,513,452,084.41	-3,008,517,665.15	2,387,862,184.96	4,392,597,321.34
Add: Cash and cash equivalents at the beginning of the period	VIII. 75	21,876,521,023.14	7,333,274,549.42	19,488,658,838.18	2,940,677,228.08
VI. Cash and cash equivalent at the end of the period	VIII. 75	19,363,068,938.73	4,324,756,884.27	21,876,521,023.14	7,333,274,549.42

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

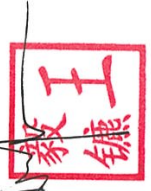
Expressed in RMB

Line number	Item	Year ended 31/12/2024													
		Attributable to shareholders' equity of the parent company													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Shareholders' equity	Preference shares	Other equity instruments	Perpetual debits	Others	Capital reserve	Leas: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Non-controlling interests	Total	
1	Balance at the end of last year	11,484,950,284.14		8,498,857,735.85		6,975,987,235.44	376,613,484.16		69,837,616.19	852,134,449.55	28,256,380,805.33	24,118,812,379.71	52,377,193,185.04		52,377,193,185.04
2	Add: Changes in accounting policies														
3	Correction of prior period errors														
4	Others														
5	II. Balance at the beginning of the year	11,484,950,284.14		8,498,857,735.85		6,975,987,235.44	376,613,484.16		69,837,616.19	852,134,449.55	28,256,380,805.33	24,118,812,379.71	52,377,193,185.04		52,377,193,185.04
6	III. Changes in equity during the year ("-" for decrease)			301,142,264.15		-582,167,696.10	46,983,194.21	2,021,580.72	15,139,806.36	-1,568,173,019.78	-1,785,053,870.44	-6,027,621,839.50	-7,812,675,709.94		-7,812,675,709.94
7	(I) Total comprehensive income						46,983,194.21								
8	(II) Shareholders' contributions and decrease of capital			301,142,264.15		-582,167,696.10									
9	1. Common shares by the shareholders														
10	2. Contribution by other equity instrument investors														
11	3. Equity settled share-based payments														
12	4. Others														
13	(III) Special reserve														
14	1. Appropriation during the year							2,021,580.72							
15	2. Utilisation during the year							15,343,525.70							
16	(IV) Appropriation of profits							-13,321,944.98							
17	1. Appropriation for surplus reserves														
18	Including: Statutory surplus reserve														
19	Other surplus reserve														
20	2. Extraction of general risk reserve														
21	3. Distributions to shareholders														
22	4. Others														
23	(V) Transfer within equity														
24	1. Share capital increased by capital reserves transfer														
25	2. Share capital increased by surplus reserves transfer														
26	3. Transfer of surplus reserve to offset losses														
27	4. Changes in defined benefit plans carried forward to retained earnings														
28	5. Other comprehensive income carried forward to retained earnings														
29	6. Others														
30	IV. Balance at the end of the year	11,484,950,284.14		8,800,000,000.00		6,393,819,539.34	423,591,678.37	2,021,580.72	84,977,422.55	-716,038,570.23	26,473,326,934.89	18,091,190,540.21	44,564,517,475.10		44,564,517,475.10

The person in charge of accounting affairs:

The head of the accounting department:

Legal representative: 





Expressed in RMB

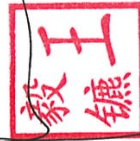
Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Line number	Item	Year ended 31/12/2023										Total		
		Attributable to shareholders' equity of the parent company												
		Shareholders' equity	Preference shares	Other equity instruments		Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve		Retained earnings	Sub-total
15	16	17	18	19	20	21	22	23	24	25	26	27	28	
I.	Balance at the end of last year	10,363,233,809.64		3,348,857,735.85		7,774,189,577.87		282,925,789.15		63,122,798.54	1,488,477,141.85	23,320,866,852.90	23,373,250,014.29	46,694,056,867.19
2	Add: Changes in accounting policies													
3	Correction of prior period errors													
4	Others													
II.	Balance at the beginning of the year	10,363,233,809.64		3,348,857,735.85		7,774,189,577.87		282,925,789.15		63,122,798.54	1,314,678,369.59	23,147,008,080.64	23,373,250,014.29	46,520,258,094.93
III.	Changes in equity during the year ("-" for decrease)	1,121,716,474.50		5,150,000,000.00		-796,202,342.43		93,887,695.01		6,714,817.65	-462,543,920.04	5,111,372,724.69	745,562,365.42	5,856,935,090.11
6	(I) Total comprehensive income													
7	(II) Shareholders' contributions and decrease of capital													
8	1. Common shares by the shareholders													
9	2. Contribution by other equity instrument investors													
10	3. Equity settled share-based payments													
11	4. Others													
12	(III) Special reserve													
13	1. Appropriation during the year													
14	2. Utilisation during the year													
15	(IV) Appropriation of profits													
16	1. Appropriation for surplus reserves													
17	Including: Statutory surplus reserve													
18	Other surplus reserve													
19	2. Extraction of general risk reserve													
20	3. Distributions to shareholders													
21	4. Others													
22	(V) Transfer within equity													
23	1. Share capital increased by capital reserves transfer	1,121,716,474.50		8,636.12										
24	2. Share capital increased by surplus reserves transfer	1,121,716,474.50		-1,121,716,474.50										
25	3. Transfer of surplus reserve to offset losses													
26	4. Changes in defined benefit plans carried forward to retained earnings													
27	5. Other comprehensive income carried forward to retained earnings													
28	6. Others													
29	IV. Balance at the end of the year	11,484,950,284.14		8,498,857,735.85		6,975,987,235.44		376,813,484.16		69,837,616.19	852,134,449.55	28,258,380,805.33	24,118,812,379.71	52,377,193,185.04

The person in charge of accounting affairs:

The head of the accounting department:

Expressed in RMB

Company Statement of Changes in Equity

For the year ended 31 December 2024

Prepared by: Guangzhou Development District Holdings Group Co., Ltd.

Line number	Item	Year ended 31/12/2024						Retained earnings	Total				
		Shareholders' equity	Preference shares	Perpetual mehts	Others	Capital reserve	Less treasury shares			Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve
		1	2	3	4	5	6	7	8	9	10	11	12
1	I. Balance at the end of last year	11,484,950,284.14		8,498,557,735.85		5,140,899,987.07		-12,609,310.48				-536,772,680.57	24,575,026,016.01
2	Add: Changes in accounting policies												
3	Correction of prior period errors												
4	Others												
5	II. Balance at the beginning of the year	11,484,950,284.14		8,498,557,735.85		5,140,899,987.07		-12,609,310.48				-536,772,680.57	24,575,026,016.01
6	III. Changes in equity during the year ("-" for decrease)			301,442,264.15		57,873,123.85		9,455,444.00				99,649,297.75	468,420,129.75
7	III. Changes in equity during the year ("-" for decrease)							9,455,444.00				393,263,742.19	402,719,186.19
8	(II) Shareholders' contributions and decrease of capital			301,442,264.15		57,873,123.85							399,315,388.00
9	1. Common shares by the shareholders					65,980,000.00							65,980,000.00
10	2. Contribution by other equity instrument investors			301,442,264.15		-3,800,754.72							297,641,509.43
11	3. Equity settled share-based payments												
12	4. Others					-4,306,121.43							-4,306,121.43
13	(III) Special reserve												
14	1. Appropriation during the year												
15	2. Utilisation during the year												
16	(IV) Appropriation of profits												
17	1. Appropriation for surplus reserves												
18	Including: Statutory surplus reserve												
19	Other surplus reserve												
20	2. Extraction of general risk reserve												
21	3. Distributions to shareholders												
22	4. Others												
23	(V) Transfer within equity												
24	1. Share capital increased by capital reserves transfer												
25	2. Share capital increased by surplus reserves transfer												
26	3. Transfer of surplus reserve to offset losses												
27	4. Changes in defined benefit plans carried forward to retained earnings												
28	5. Other comprehensive income carried forward to retained earnings												
29	6. Others												
30	IV. Balance at the end of the year	11,484,950,284.14		8,800,000,000.00		5,198,773,110.43		-3,153,866.48				-437,123,382.82	25,043,446,145.76



Legal representative:

The person in charge of accounting affairs:



The head of the accounting department:

Company Statement of Changes in Equity

Prepared by: Guangzhou Development District Holdings Group Co., Ltd. For the year ended 31 December 2024 Expressed in RMB

Line number	Item	Shareholders' equity		Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Total
		13	14	15	16	17								
1	Column number													
2	I. Balance at the end of last year	10,363,233,809.64		3,348,557,735.85		6,002,532,405.52		-4,355,181.61					-145,464,267.24	19,564,504,502.16
3	Add: Changes in accounting policies													
4	Correction of prior period errors													
5	Others													
6	II. Balance at the beginning of the year	10,363,233,809.64		3,348,557,735.85		6,002,532,405.52		-4,355,181.61					-145,464,267.24	19,564,504,502.16
7	III. Changes in equity during the year ("-" for decrease)	1,121,716,474.50		5,150,000,000.00		-861,632,418.45		-8,254,128.87					-223,427,857.79	5,178,402,069.39
8	(I) Shareholders' contributions and decrease of capital													
9	1. Common shares by the shareholders													
10	2. Contribution by other equity instrument investors													
11	3. Equity settled share-based payments													
12	4. Others													
13	(II) Special reserve													
14	1. Appropriation during the year													
15	2. Utilisation during the year													
16	(IV) Appropriation of profits													
17	1. Appropriation for surplus reserves													
18	Including: Statutory surplus reserve													
19	Other surplus reserve													
20	2. Extraction of general risk reserve													
21	3. Distributions to shareholders													
22	4. Others													
23	(V) Transfer within equity													
24	1. Share capital increased by capital reserves transfer	1,121,716,474.50				-1,121,716,474.50								
25	2. Share capital increased by surplus reserves transfer	1,121,716,474.50				-1,121,716,474.50								
26	3. Transfer of surplus reserve to offset losses													
27	4. Changes in defined benefit plans carried forward to retained earnings													
28	5. Other comprehensive income carried forward to retained earnings													
29	6. Others													
30	IV. Balance at the end of the year	11,484,950,284.14		8,498,557,735.85		5,140,899,987.07		-12,609,310.48					-144,986,848.59	24,575,026,016.01

Legal representative:  

The person in charge of accounting affairs:  

The head of the accounting department:  

Notes to the Financial Statements

I. Company's profile

Guangzhou Development District Holdings Group Co., Ltd. (hereinafter referred to as "the Group", "the Company" or "Guangzhou Development District Holdings"), formerly known as Guangzhou GET Financial Holdings Co., Ltd., was invested by Guangzhou Economic and Technological Development Zone Management Committee and registered with Guangzhou Administration for Industry and Commerce on November 6, 1998 as a wholly state-owned holding company with limited liability. The business license registration number of the enterprise legal person obtained is 4401081100074 and was changed to 440108000039287 on April 12, 2011. On April 15, 2016, the unified social credit code was changed to 914401167124402906. The Company changed its name to Guangzhou Development District Holdings Group Co., Ltd. on January 6, 2021, pursuant to the Notice on the Change of Name of the Development District Financial Control Group and Adjustment of the Duties of the Capital Contributor (Suipu Finance [2020] No. 342) by Guangzhou Development District State-owned Assets Supervision and Administration. The registered capital of the Company is RMB 11,484,950,284 and the industry to which it belongs is business services.

Registered address: 33/F, 34/F, Development District Holding Center, No.60 Science Avenue, Guangzhou Economic and Technological Development Zone.

Legal representative: Guo Chuanzhou.

The functional management departments of the Company mainly consist of office, party-masses work department, human resources department, discipline inspection and audit office, finance department, risk control and compliance department, board office (strategic investment department), property rights management department, investment promotion department and park department. The company owns 18 secondary subsidiaries.

The Group has a board of directors and the general manager is responsible for the management and control of major decisions and daily work under the leadership of the board of directors.

The Group is principally engaged in the businesses of thermoelectric power investment, project construction and operation, real estate, finance and finance-like, biomedicine, high-end equipment manufacturing, and construction and operation of science and technology parks. The Group is engaged in investment activities with its own funds, and provides services such as park management services, enterprise headquarters management, enterprise management consulting; non-residential real estate leasing, housing leasing, financing advisory services; securities investment consulting.

The controlling shareholder and the ultimate controller of the Company is the Guangzhou Economic and Technological Development Zone Management Committee.

The financial statements and the notes have been approved to release by the Company on April 28, 2024.

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises").

The financial statements of the Company have been prepared on going concern basis.

During its operation, the Group also undertakes the operation and management of some non-operating assets. The Group accounts for its investment in such assets under other non-current assets and does not depreciate such assets.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 31 December 2024 and the Company's and consolidated operating results and cash flows for the year ended 31 December 2024.

IV. Significant accounting policies and accounting estimates

1. Accounting Period

The accounting period of the Company is from 1 January to 31 December.

2. Functional currency

The Company use Renminbi ("RMB") as functional currency.

3. Accounting basis and valuation principle

The Company adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a loss allowance is made accordingly in accordance with the relevant regulations.

4. Business combination

(1) Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination is adjusted against in the capital reserve, with any excess adjusted against retained earnings.

Costs directly attributable to the combination are recognized in income statement as incurred.

(2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest

in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

For a business combination involving enterprises not under common control through step by step multiple transactions, the sum of the book value of the equity investment held by the acquiree before the purchase date and the new investment cost on the purchase date is taken as the initial investment cost of the investment in individual financial statements. For other comprehensive income recognized by equity investment held before the purchase date due to accounting with equity method, this part of other comprehensive income will not be treated on the purchase date. When disposing of the investment, the accounting treatment will be carried out on the same basis as the investee's direct disposal of relevant assets or liabilities. The owner's equity recognized due to changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be transferred to the current profit and loss during the disposal period when the investment is disposed. If the equity investment held before the purchase date is measured at fair value, the cumulative changes in fair value originally included in other comprehensive income will be transferred to retained earnings when accounting by cost method. In consolidated financial statements, the consolidated cost is the sum of the consideration paid on the purchase date and the fair value on the purchase date of the equity held by the purchaser prior to the purchase date. For the equity held by the Purchaser before the purchase date, it shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the current income. The equity held by the Purchaser before the purchase date involves other comprehensive income, and other changes in owners' equity turn into current income on the purchase date, except for other comprehensive income generated by changes in net liabilities or net assets of the remeasured income plan of the investee.

5. Consolidated financial statements

The scope of the consolidated financial statements includes the Company and all subsidiaries

The scope of the consolidated financial statements is based on control.

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-company balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Purchasing subsidiaries' non-controlling interests or disposing part of equity investment without loss of control shall be accounted for as equity transactions, and the carrying values of the owner's equity and minority shareholders' equity attributable to the parent shall be adjusted to reflect changes in interests in

the subsidiary. The difference between the adjustment of minority interests and the fair value of the consideration paid or received shall be adjusted against the capital reserve, with any excess adjusted against retained earnings.

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill. Other comprehensive income related to the equity investment of the former subsidiary shall be transferred to current profit or loss at the time of loss of control.

Other comprehensive income related to the former subsidiary is transferred to profit or loss when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

Where the transactions involving the disposal of the equity investment in a subsidiary until the loss of control are bundled transaction, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to the profit or loss of the period in which control is lost.

5. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint ventures.

(1) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

7. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary

items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss or other comprehensive income according to the nature of non-monetary items.

(2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to RMB at the weighted average exchange rates of the current period.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as "Effect of foreign exchange rate changes on cash and cash equivalents" in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders' equity of balance sheet.

The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① The contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of financial assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets as measured at amortized cost, fair value through other

comprehensive income or fair value through profit or loss at initial recognition on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and are not designated as measured at fair value through profit or loss as financial assets measured at amortized cost:

- The Company's business model of managing the financial assets aims at collecting contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the financial assets are derecognized, amortized according to the effective interest method or impaired.

Financial assets measured at fair value through other comprehensive income

The Company classifies the financial assets that simultaneously meet the following conditions and are not specified as measured at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

- The Company's business model of managing the financial asset aims at both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, this type of financial assets are subsequently measured at fair value. The interest, loss allowance or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

Financial assets measured at fair value through profit or loss

In addition to the above financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortized cost or measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

After the initial recognition, this kind of financial asset is subsequently measured at fair value, and the gains or losses (including interest and dividend income) generated are recorded into the current profit or loss, unless the financial asset is part of the hedging relationship.

The business model of managing financial assets refers to how the Company manages financial assets

to generate cash flows. The business model determines whether the cash flow from the financial assets under management of the Company is derived from the receipt of contractual cash flows, the sale of financial assets or a combination of both. The Company determines its business model for managing financial assets on the basis of objective facts and the specific business objectives for the management of financial assets determined by key management personnel.

The Company assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. Principal refers to the fair value of financial assets at initial recognition. Interest includes consideration for the time value of money, the credit risk associated with the amount of principal outstanding over a given period, and other basic lending risks and costs, as well as a profit margin. In addition, the Company assesses contractual terms that may cause a change in the time distribution or amount of the contractual cash flows of financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Only when the Company changes the business model of managing financial assets, all affected related financial assets shall be reclassified on the first day of the first reporting period after the change of the business model, otherwise the financial assets shall not be reclassified after the initial recognition.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value through profit or loss, the related transaction costs are directly recorded in current profit or loss; for other types of financial assets, related transaction costs are included in the initial recognition amount. For receivables arising from the sale of products or the provision of services that do not contain or take into account significant financing components, the amount of consideration that the Company is expected to be entitled to collect shall be the initial recognition amount.

(3) Classification and measurement of financial liabilities

At the time of initial recognition, the financial liabilities of the Company are classified as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities that are not classified as measured at fair value through profit or loss, relevant transaction costs are included in their initial recognized amounts.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at the time of initial recognition as measured at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be made according to the fair value, and the gains or losses caused by changes in the fair value as well as the dividends and interest expenses related to such financial liabilities shall be recorded into current profit or loss.

Financial liabilities measured at amortized cost

For other financial liabilities, the effective interest rate method shall be adopted, the subsequent measurement shall be made at the amortized cost, and the gains or losses arising from derecognition or amortization shall be recorded into current profit or loss.

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① A contractual obligation to deliver cash or other financial assets to other parties.

② A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.

③ A non-derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, under which the firm will deliver a variable number of its own equity instruments.

④ A derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an enterprise's assets after all liabilities have been deducted.

if the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, such contractual obligation meets the definition of a financial liability.

If a financial instrument has to be settled with or can be settled with the Company's own equity instruments in the future, consideration needs to be given to whether the Company's own equity instruments used to settle the instrument is to be used as a substitute for cash or other financial assets, or to give the holder of the instrument the remaining interest in the issuer's assets after deduction of all liabilities. If it is the former, the instrument is a financial liability of the Company; if it is the latter, the instrument is an equity instrument of the Company.

(4) Derivative financial instruments and embedded derivative instruments

The Company's derivative financial instruments are initially measured based on the fair value of the date of signing the derivative transaction contract, and the subsequent measurement is based on its fair value. A derivative with a positive fair value is recognised as an asset; a negative fair value is recognised as a liability. Any gains or losses resulting from changes in fair value that do not conform to the provisions of hedge accounting shall be directly recorded into the current profit or loss.

(5) Fair value of financial instruments

For the determination of fair value of financial assets and financial liabilities, see Note IV.31

(6) Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment accounting treatment for the following items and recognises the allowance:

- Financial assets measured at amortized cost;
- Receivables and investments in debt instruments measured at fair value and accounted for in other comprehensive income;
- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 - Revenue;
- Lease receivables;
- Financial guarantee contracts (except for financial assets measured at fair value through profit or loss, transfer of financial assets that do not meet the conditions for derecognition or those caused by continuing involvement in transferred financial assets).

Measurement of expected credit losses

The term "expected credit loss" refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, that is, the present value of all cash shortfalls.

The Company calculates the probabilistic weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received and recognizes the expected credit loss, taking into account reasonable and supportable information concerning past events, current conditions and forecast of future economic conditions, with the respective risks of a default occurring as the weights.

The Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the financial instrument is in the first stage and the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses; if the credit risk of the financial instrument has increased significantly since the initial recognition but no credit losses have occurred, the financial instrument is in the second stage and the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses; if credit losses have occurred to a financial instrument since its initial recognition, it is in the third stage and the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss allowance at an amount equal to 12-month expected credit losses.

The term "lifetime expected credit losses" refers to the expected credit losses resulting from all possible events of default during the entire expected life of a financial instrument. The expected credit losses within the next 12 months refer to the expected credit loss caused by the default event of the financial instrument that may occur within 12 months after the balance sheet date (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months) and is part of lifetime expected credit losses.

When measuring expected credit losses, the Company shall take into account the longest contract period (including the option to renew the contract) for which it is exposed to credit risk.

The Company calculates interest income on the basis of the Book value before impairment provisions and the effective interest rate for financial instruments in stage I and stage II and with lower credit risk. For financial instruments in the third stage, the interest income is calculated on the basis of the amortized cost of the Book value less the impairment provision and the effective interest rate.

Bills receivable, accounts receivable and contract assets

For bills receivable, accounts receivable and contract assets, regardless of whether there is a material financing component, the Company always measures its loss allowance at an amount equal to lifetime expected credit losses.

When the credit risk characteristics are significantly different and the expected credit loss can be evaluated at a reasonable cost, the Company assesses whether the credit risk of the relevant financial instrument has significantly increased since initial recognition based on a single financial instrument, and measures the expected credit loss.

When an individual financial asset or contract asset cannot assess the information of expected credit loss at a reasonable cost, the Company divides the bills receivable, accounts receivable and contract assets into groups according to the credit risk characteristics, calculates the expected credit losses based on the groups which are determined as follows:

A. Bills receivable

- Bills receivable group 1: bank notes receivable portfolio
- Bills receivable group 2: commercial notes receivable portfolio

B. Accounts receivables

- Accounts receivable group 1: non-risk accounts portfolio
- Accounts receivable group 2: other accounts receivable portfolio

Among them, the non-risk accounts receivable portfolio includes:

Reimbursements receivable (provision for warranty indemnity is made in accordance with industry regulations and there is no provision for impairment), government arrears, staff reserves, deposits, bonds, related transactions, electrical bill receivables, etc.

C. Accounting treatment

The Group calculates the expected credit loss on bills receivable and accounts receivable at the balance sheet date. If the expected credit loss is greater than the current book balance of the provision for impairment of bills receivable or accounts receivable, the Group recognizes the difference as an impairment loss on bills receivable or impairment loss on accounts receivable, debiting "credit impairment loss" and crediting "loss allowance". Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related notes or accounts receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits "loss allowance" and credits "bills receivable", "accounts receivable" and "other receivables". If the write-off amount is greater than the provision amount made, their difference shall be debited to "credit impairment loss".

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and supportable information, including forward-looking information that can be obtained without unnecessary additional cost or effort. Information considered by the Company includes:

- The debtor fails to pay the principal and interest as due under the contract;
- A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected to occur;

- A serious deterioration of the debtor's business results occurred or is expected to occur;
- A change in the existing or anticipated technological, market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Company.

According to the nature of financial instruments, the Company evaluates whether credit risk increases significantly on the basis of individual financial instruments or a group of financial instruments. When assessing on the basis of a group of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly.

Credit-impaired financial assets

On the balance sheet date, the Company evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When one or more events which have an adverse effect on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit impairment of financial assets includes the following observable information:

- Major financial difficulties occur to the issuer or the debtor;
- A breach of contract by the debtor, such as a default or late payment of interest or principal;
- The Company, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.

Presentation of expected credit losses

In order to reflect the change of the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or recovered amount of the loss allowance thus formed shall be recorded into the current profit or loss as an loss allowance or gain. For a financial asset measured at amortized cost, the loss allowance shall offset the carrying amount of the financial asset as stated in the balance sheet; for the debt investment measured at fair value through other comprehensive income, the Company recognizes its loss allowance in other comprehensive income and does not offset the carrying amount of the financial asset.

Write-offs

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be recovered in its entirety or a portion thereof, the carrying amount of the financial asset shall be directly written off. Such a write-off constitutes a derecognition of the relevant financial asset. This usually occurs when the Company determines that the debtor does not have assets or sources of income that generate sufficient cash flows to repay the amount to be written off. However, in accordance with the Company's procedures for recovering amounts due, the financial assets that have been written off may still be affected by the execution activities.

If a financial asset that has been written off is recovered later, a reversal of loss allowance shall be recorded in profit or loss of the current period

(7) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of the financial assets (transferor).

The Company derecognizes a financial asset if it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, and it does not derecognize the financial asset if it has retained substantially all the risks and rewards of ownership of the financial asset.

When neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group shall derecognize the financial asset and recognize the resulting assets and liabilities if it has relinquished control over the financial asset, and shall recognize the related financial asset to the extent of its continuing involvement in the transferred financial asset and recognize the related liabilities accordingly if it has not relinquished control over the financial asset.

(8) Offsetting between financial assets and financial liabilities

When the Company has a legal right to offset the recognized financial assets and financial liabilities and such legal right is currently enforceable, and at the same time the Company plans to settle on a net basis or to realize the financial assets and settle the financial liability, financial assets and financial liabilities are presented as the net amount after mutual offset in the balance sheet. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

10. Inventories

(1) Classification

Inventories include raw materials, semi-finished goods, work in progress, finished goods, consumables and so on.

(2) Measurement and amortization of cost of inventories

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Inventories related to non-medical devices segment are calculated using weighted average method, and which related to medical devices segment are calculated using first-in-first-out method. Low-value consumables and packaging materials are charged to profit or loss when they are used.

The cost of development products includes land-transferring fees, infrastructure expenditure, construction and installation expenditure, and borrowing costs incurred before the completion of the development project and other related expenses during the development process. When a developed product is shipped, specific identification method is adopted to determine its actual cost.

(3) Method for provision for obsolete inventories

Any excess of the cost over the net realisable value of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single and type inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

(4) Basis for determining the net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

The net realisable value of inventories, such as finished goods, work in process and materials used for sale, which are used directly for sale, is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. The net realisable value of inventories of materials held for production is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

11 Long-term equity investments

Long-term equity investments include equity investments in enterprises over which the Company can exercise control or has significant influence, and equity investments in joint ventures. An associate is an enterprise over which the Company has significant influence.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost. For business combinations involving enterprises not under common control through multiple transactions, the cost of a long-term equity investment is the book value of the equity investment held previously together with the additional investment cost on the purchase date.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in enterprises over which the Company can exercise control are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively.

and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Company recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Company based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (such as enterprises, a portion of an investee as a deemed separate component and structured entities controlled by the enterprises).

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. When assessing whether the Company can exercise joint control over an investee, the Company first considers whether no single participant party is in a position to control the investee's related activities unilaterally, and then considers whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the relevant activities. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. A party that holds only protective rights does not have joint control of the arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. When determining whether the Company can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the Company or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns 20% of the investee (including 20%) or more but less than 50% of the voting shares, it has significant influence over the investee unless there is clear evidence to show that in this case the Company cannot participate in the production and business decisions of the investee, and cannot form a significant influence. When the Company owns less than 20%

of the voting shares, generally it does not have significant influence over the investee, unless there is clear evidence to show that in this case the Company can participate in the production and business decisions of the investee so as to form a significant influence.

(4) Disposal of long-term equity investments

At disposal, the difference between the carrying amount and the sales proceed of the long-term equity investment is recorded in profit or loss for the current period. Under equity method, other changes of the shareholders' equity (other than change in net profit or loss) of the investee, the Company shall transfer to profit or loss for the current period by proportion when the investment is disposed.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

(5) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note IV.20 for the Company's method of asset impairment.

12. Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction. In addition, vacant buildings held by the Group for operating lease are also presented as investment properties, if the Board of Directors (or similar institution) makes a written resolution stating that the buildings will be used for operating lease and the intention of holding will not change in the near future.

The Company's real estate investment real estate location is active trading market, and the Company can obtain from real estate market the same or similar real estate market prices and other related information, so that the Company can make a reasonable estimate of the fair value of the investment real estate, so the Company adopts the fair value model for subsequent measurement of the investment real estate, changes in fair value included in the current profits and losses.

When determining the fair value of an investment real estate, reference shall be made to the current market price of the same or similar real estate in the active market; If it is impossible to obtain the current market price of the same or similar real estate, it shall make a reasonable estimate of the fair value of the investment real estate by referring to the recent transaction price of the same or similar real estate in the active market and taking into account such factors as the transaction situation, transaction date and location; Or determine its fair value based on the expected future rental income and the present value of the relevant cash flows.

When self-use real estate or inventories are converted to investment properties, the investment properties are measured at their fair value on the conversion date. If the fair value is less than its original book balance, the difference is recognized in current profit or loss. If the fair value is greater than the original book balance, the difference is recognized in other comprehensive income. When investment properties are converted to self-use real estate, the fair value on the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is recognized in current profit or loss.

Gains or losses arising from the sale, transfer, retirement or disposal of an item of investment property are determined as the difference among the net disposal proceeds, the carrying amount of the item, related taxes and surcharges, and are recognised in profit or loss for current period.

13. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured

Fixed asset are initially measured at cost.

(2) Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Type	Estimated useful life (years)	Residual value rate %	Depreciation rate %
Plant and buildings	20-50	0-10	1.8-5.00
Machinery and equipment	3-25	2-10	3.6-32.67
Motor vehicles	4-8	3-10	11.25-23.75
Electronic equipment	5-8	3-5	11.88-19.40
Office equipment	5	5	19.00

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Type	Estimated useful life (years)	Residual value rate %	Depreciation rate %
Hotel furniture	5-6	2-10	15.00-19.60
Others	5-6	2-10	15.00-19.60

For impaired fixed assets, cumulative amount of impairment provision is deducted in determining the depreciation rate.

- (3) For the impairment of the fixed assets, please refer to Note IV.20.
- (4) Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

The Company adjusts the useful lives of fixed assets if their expected useful lives are different with the original estimates and adjusts the estimated net residual values if they are different from the original estimates.

- (5) Major repair cost

The major repair cost incurred in regular inspection of fixed assets are included in the cost of fixed assets when it meets the criterias for the recognition of fixed assets based on the verified evidences, while those that do not meet the criterias for the recognition of fixed assets shall be recorded in current profit or loss. The fixed assets shall be depreciated during regular major repairs.

14. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction items, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed asset when it is ready for its intended use.

For the impairment of construction in progress, please refer to Note IV.20.

15. Borrowing costs

- (1) Capitalisation criteria

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met:

- ① Capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities;
- ② Borrowing costs have been incurred;
- ③ The activities that are necessary to prepare the asset for its intended use or sale have commenced.

- (2) Capitalisation period

The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

16. Right-of-use assets

(1) Criteria for the recognition of right-of-use assets

The Company's right-of-use assets refer to the Company's right to use the leased assets during the lease term as the lessee.

On the commencement date, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement of the lease liability; for the amount of lease payments paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; initial direct costs incurred by the Company as the lessee; the costs which the Company, as the lessee, expects to incur in dismantling and removing the leased assets, restoring the premises on which the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company, as the lessee, shall recognise and measure the costs of demolition and restoration in accordance with the "Accounting Standards for Business Enterprises No.13 – Contingencies". Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of the right-of-use assets

The Company uses the straight line method of depreciation. Where the Company, as the lessee, can reasonably determine that it obtains the ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining useful life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

(3) See Note IV.20 for the impairment test method of the right-of-use assets and the loss allowance.

17. Intangible assets

Intangible assets include application software, land use rights, and patented technology etc.

Intangible assets are stated at actual cost upon acquisition and the useful economic lives are determined at the point of acquisition. When the useful life is finite, amortisation method shall reflect the pattern in which the asset's economic benefits are expected to be realised. If the pattern cannot be determined reliably, the straight-line method shall be used. An intangible asset with an indefinite useful life shall not be amortised.

Land use rights are amortized evenly over the years from the commencement date of the grant, patented technologies, non-patented technologies and other intangible assets are amortized evenly over the shortest of the estimated useful life, the contractual beneficiary life and the effective life prescribed by law. The amortization amount is charged to the cost of the related assets and current profit or loss according to the beneficiaries.

The Company shall review the useful life and amortisation method of an intangible asset with a finite useful life at least at each year end. Changes of useful life and amortisation method shall be accounted for as a change in accounting estimate.

An intangible asset shall be derecognised in profit or loss when it is not expected to generate future economic benefits.

For the impairment of intangible assets, please refer to Note IV.20.

18. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred

Expenditure during the development phase is capitalised if the product or process is technically and commercially feasible; the Company intends to complete the development; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development and use or sell the intangible asset; and development costs can be measured reliably. Other development expenditure is recognised as an expense in the period in which it is incurred.

Research and development projects of the Company will enter into the development phase when they meet the above conditions, technical and economic feasibility research is finished and necessary approval of the project is obtained.

Capitalised expenditure on the development phase is presented as "development costs" in the balance sheet, and is transferred to intangible assets when the project is completed to its intended use.

19. Long-term deferred expenses

Long-term deferred expenses include capital improvement expenditure, renovation costs, etc.

Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method within the benefit period. For long-term deferred expense that cannot bring benefit in future period, the Company recognized its amortised cost in profit or loss for the current period.

Years of amortization:

Item	Estimated useful life
Capacity substitution compensation	The remaining useful life of the unit
Other long-term deferred expenses	3-5years

20. Impairment of assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

A loss allowance is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A loss allowance of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any loss allowance is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, loss allowance of goodwill is recognized.

Once a loss allowance is recognised, it is not reversed in a subsequent period.

21. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance and corporate

pension plan, etc.

Besides basic pension insurance, the Company establishes the corporate pension plan ("pension plan") in accordance with the related policies of corporate pension regulations. Employees can join the pension plan voluntarily. The Company has no other significant commitment of employees' social security.

When an employee has rendered service to an entity during a period, the entity shall recognise the contribution payable to a defined contribution plan in exchange for that service, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

Defined benefit plans

For defined benefit plans, an actuarial valuation is performed by an independent actuary at the annual balance sheet date to determine the cost of providing benefits using the expected cumulative benefit unit method. The employee compensation costs resulting from the defined benefit plan include the following components:

- ① Service cost, including current service cost, past service cost and settlement gains or losses. Current service cost refers to the increase in the present value of the defined benefit plan obligation caused by the service provided by the employee in the current period; Past service cost refers to the increase or decrease in the present value of defined benefit plan obligations related to employee services in previous periods resulting from modifications to defined benefit plans.
- ② Net interest on net liabilities or net assets of the defined benefit plan, including interest income on plan assets, interest expense on defined benefit plan obligations, and interest affected by asset caps.
- ③ Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or allow the cost of employee benefits to be included in the cost of assets, the Company will recognize items ① and ② above in the profit and loss for the current period; Item ③ is included in other comprehensive income and will not be carried back to profit or loss in subsequent accounting periods, but can be transferred within equity.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

For retirement plans within the Company and economic compensation before the formal retirement date attributable to termination benefits, the salaries to pay retirement within the Company and social securities are recognized as a one-off expense in profit or loss for the current period between the employees' stop rendering service and formal retirement date. Economic compensation after formal retirement date (such as formal endowment insurance) shall be accounted for as post-employment benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the

above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

22. Bonds payable

The bonds issued by the Company are initially measured at fair value in the amount after deducting transaction cost, and using effective rate to carry out the Subsequent measurement in amortized cost.

Interest expense is counted in the current profit and loss, unless loan costs are capitalized when capitalized conditions are met.

23. Provisions

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- (1) The Company has a present obligation;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (3) The amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

24. General risk reserves

Subsidiary of the Group, Yuekai Securities Co., Ltd., and Guangzhou Get Financing & Guarantee Co., Ltd., made provisions at 10% of the net profit in the current year for general risk reserves and transaction risk reserves respectively.

25. Revenue

(1) General principles

The Company recognizes revenue when it has fulfilled its contractual performance obligation, that is, when the customer acquires control of the relevant goods or services.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, allocate the transaction price to each single performance obligation according to the relative proportion of the stand-alone selling prices of goods or services committed by each single performance obligation, and measure the income according to the transaction price allocated to each

single performance obligation.

If one of the following conditions is met, the Company satisfies a performance obligation over time; otherwise, the Company satisfies a performance obligation at a point in time:

- ① The customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs
- ② The customer can control the goods under construction during the performance of the Company.
- ③ The goods produced by the Company during the performance of the contract do not have alternative use, and the Company has the right to collect payment for the accumulated part of the performance completed to date during the whole period of the contract.

For the performance obligations performed over time, the Company shall recognize the income in accordance with the performance progress within that period. If the performance progress cannot be reasonably determined and the Company is expected to be compensated for the costs already incurred, the revenue shall be recognized according to the amount of the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a point in time, the Company recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Company will take into account the following indicators:

- ① The Company has a present right to payment for the good or service, that is, the customer is presently obliged to pay for the good or service.
- ② The Company has transferred the legal title of the good to the customer, that is, the customer has the legal title to the good.
- ③ The Company has transferred physical possession of the good to the customer, that is, the customer has physical possession of the good.
- ④ The Company has transferred the significant risks and rewards of ownership of the good to the customer, that is, the customer has obtained the significant risks and rewards of ownership of the good.
- ⑤ The customer has accepted the good or service.
- ⑥ Other indicators that the customer has obtained control of the good.

The Company's right to consideration for goods or services transferred to a customer (and this right depends on other factors other than the passage of time) is a contract asset which is subject to impairment on the basis of expected credit losses (see Note IV.9 (6)). The Company's unconditional right (depending only on the passage of time) to collect consideration from the customer is presented as an account receivable. The Company's obligation to transfer goods or services to a customer for which it has received consideration (or the amount due) from the customer is a contract liability.

The contract assets and contract liabilities under the same contract shall be presented on a net basis. If the net amount is the debit balance, it shall be presented under the item of "Contract assets" or "Other non-current assets" according to its liquidity; if the net amount is a credit balance, it shall be presented under the item "Contract liabilities" or "Other non-current liabilities" according to its liquidity.

(2) Specific methods

The specific methods of the Company's revenue recognition are as follows.

The Company's main business involves the sale of electricity and heat, real estate development and sales, high-end equipment manufacturing and sales, sales of desulfurization business products, in vitro diagnostic reagents, instruments and other products, sales of reagents, instrument merchandise sales, securities service business, property service income, property additional service income, and leasing income, etc.

① Revenue recognition method for electricity and heat sales

Electricity sales revenue for the month is recognized based on the meter reading numbers confirmed by the Company and the Power Supply Bureau at every 24:00 monthly end. The meter reading number is calculated by the Power Supply Bureau's electric energy telemetry system, and it will base on the on-site meter reading number if there is any problem with the system, and the Company should confirm last month's electricity sales volume on the first day of each month.

② The revenue recognition method of real estate sales

Revenue is recognized when product developments completed, delivery contract terms met and sign for receipt by the customer.

③ Contracts for sales of goods between

The Group and its customers include sales of in vitro diagnostic reagents, instruments and other products. The performance obligations for sales of those above are performance obligations that are fulfilled at a certain point in time, and the Group recognizes revenue at that point when control of the goods is transferred when the goods are delivered to the purchaser and payment has been collected or a receipt has been obtained for the goods. Revenue recognition for domestic sales is subject to the following conditions: the Group has delivered the products to the purchaser in accordance with the contract, payment has been received or a receipt has been obtained and there is a present right to receive payment for the goods and it is probable that the consideration will be recovered. Revenue recognition for foreign sales is subject to the following conditions: the Group has declared the products to customs and left the port according to the contract, and obtained the bill of lading, and the amount of revenue from the sale of the products has been determined, and the payment has been collected or the receipt has been obtained, and the Group has the right to receive payment now for the goods and it is probable that the consideration will be recovered.

④ Handling charges and commissions income

The amount of handling charges and commissions income is recognized at the fair value of the price received or receivable for a contract or agreement when the Group provides labor in daily operating activities.

When the Group fulfills its performance obligations under a contract and the customer obtains control of the relevant goods or services, the related handling charges and commissions income is recognized.

A. Income from the brokerage business

The commission income from the deputy securities trading business and the commission income from the futures brokerage business are recognized as revenue on the transaction date.

B. Investment banking income

Underwriting income is recognized when the Group completes its performance obligations under the underwriting contracts.

Based on the terms of the contracts, sponsor income is recognized as revenue when the Group is performing obligations or at the point when the performance obligations are completed.

C. Income from asset management business

Under the terms of the contract, income from fiduciary client asset management business is recognized as current revenue, based on the revenue calculation method agreed in accordance with the contract or agreement, when the Group is performing obligations, and when it is probable that no material reversal of the cumulative amount of revenue recognized will occur,

⑤ Interest income

Interest income and interest expense are determined based on the timing of the lending and borrowing of cash and cash equivalents and the effective interest rate.

⑥ Property service income

The Company recognizes property management income on an accrual basis. At the end of each month, the Company calculates the property management fees receivable for the month based on the government pricing or contractual rates for the projects for which property management services have been provided and recognizes the revenue.

⑦ Income from value-added property services mainly includes income from vehicle management fees, special maintenance, cleaning income and escrow management fees, etc.

A. Vehicle management fee income

For parking spaces that adopt the annual subscription method, parking fee income is recognized on a monthly average basis based on the amount of the annual parking fee; for the monthly subscription and temporary parking spaces, parking fee income is recognized based on the actual collection of the month (days).

B. Dedicated maintenance and cleaning revenue

For one-time maintenance, cleaning and other paid services provided to owners, the Company recognizes revenue on a one-time basis based on service acceptance forms and collections; for maintenance and cleaning services under contract, revenue is recognized monthly based on the contract and actual services provided.

C. Escrow management fee income

For property assets held on behalf of customers, escrow management fee income is recognized monthly based on the contract and collection.

⑧ Lease income

For the Company subleases assets to lessees, revenue is recognized monthly as agreed in the lease contracts.

③ High-end equipment manufacturing and sales

A. Domestic sales income

Revenue is recognised after the Company completes the production of the whole tower, and after the customer-appointed supervisor site acceptance and delivery, to obtain the delivery list and customer-signed acceptance certificate as the point of revenue recognition (if the tower of the same project is completed in batches, the number of complete towers accepted by the customer in batches multiplied by the contract unit price to recognize revenue).

B. Export sales income

Revenue is recognised at the point of the completion of the export declaration of goods and the obtaining of export customs declaration.

26. Contract costs

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract.

Incremental costs of obtaining a contract are costs (such as a sales commission, etc.) that the Company would not have incurred if the contract had not been obtained. If the cost is expected to be recovered, the Company will recognize it as an asset as costs of obtaining a contract. Other expenses incurred by the Company for obtaining a contract, other than the incremental costs expected to be recovered, are recorded into the profit or loss of the current period when incurred.

If the costs incurred in fulfilling a contract are not within the scope of another Standard such as Inventories, the Company shall recognize an asset from the costs incurred to fulfil a contract:

- ① The costs relate directly to a current contract or to an anticipated contract and include direct labor, direct materials, overhead (or similar expenses), costs that are explicitly chargeable to the customer and other costs incurred solely in connection with the contract;
- ② The costs increase the Company's future resources for fulfilling its performance obligations;
- ③ The costs are expected to be recovered.

Assets recognized for costs of obtaining a contract or costs to fulfil a contract (hereinafter referred to as "assets related to contract costs") shall be amortized on the same basis as revenue recognition of goods or services related to such assets and shall be recorded into current profit or loss.

When the carrying amount of the assets related to the contract costs is higher than the difference between the following two items, the Company shall make loss allowance of the excess part and recognize it as a loss allowance of the assets:

- ① The remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② The estimated costs to be incurred for the transfer of the relevant goods or services.

The costs to fulfil a contract recognized as an asset shall be presented in the item of "Inventories" with an amortization period of no more than one year or one normal operating cycle at the time of initial recognition; while the amortization period exceeding one year or one normal operating cycle at the time of initial recognition, the costs shall be presented in the item of "Other non-current assets".

The costs of obtaining a contract recognized as an asset shall be presented in the item of "Other current assets" with an amortization period of less than one year or one normal operating cycle at the time of initial recognition, and shall be presented in the item of "Other non-current assets" with an amortization period of more than one year or one normal operating cycle at the time of initial recognition.

27. Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

Government grants related to assets are grants whose primary condition is that the Company qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income.

A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Company for expenses or losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Company for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised. The Company applies a consistent approach to same or similar government grant transactions.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income or expenses.

When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

28. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) Taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

(1) A transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss) (except for individual transactions in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences);

(2) Deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

29. Leases

(1) Identification of leases

At inception of a contract, the Company, as a lessee or a lessor, shall assess whether the customer under the contract has the right to obtain substantially all of the economic benefits from use of the identified asset during the period of use and has to right to direct the use of the identified asset during the period of use. The Company considers the contract to be a lease or to include a lease if one of the parties to the contract conveys the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

(2) The Company acts as the lessee

At the commencement date, the Company recognizes the right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low value assets that are accounted for according to the simplified method.

For the accounting policy of the right-of-use assets, see Note IV.16.

Lease liabilities are initially measured at the present value of the outstanding lease payments at the commencement date of the lease using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate shall be used as the discount rate. The lease payments include: fixed payments and in-substance fixed payments; if there are lease incentives, the relevant amount of lease incentives shall be deducted; variable lease payments depending on an index or a rate; the exercise price of the option provided that the lessee is reasonably certain that the option will be exercised; the amount to be paid to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease; and the amount expected to be payable based on the residual value of the security provided by the lessee. The interest expense of the lease liability in each period of the lease term shall be calculated in accordance with the fixed periodic interest rate and recorded into the profit or loss of the current period. The variable lease payment not included in the measurement of lease liabilities shall be recorded into the current profit or loss when actually incurred.

Short-term lease

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, except for a lease that contains a purchase option.

The Company will record the lease payment amount of short-term lease into the cost of relevant assets or current profit or loss in each period of the lease term according to the straight-line method.

For short-term leases, the Company chooses to adopt the above simplified method for the items that meet the short-term lease conditions in the following asset types according to the classes of leased assets.

Leases of low value assets

Leases of low value assets refer to lease of a single leased asset whose value is less than certain amount when it is a brand-new asset.

The Company will include the lease payment of the low-value asset lease into the cost of the relevant asset or current profit or loss in each period of the lease term according to the straight-line method.

For leases of low value assets, the Company chooses to adopt the above simplified method according to the specific situation of each lease

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If a lease modification that is not accounted for as a separate lease, on the day of the lease modification, the Company re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.

For lease modifications that result in decrease in the lease scope or the lease term, the Company decreases the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss of current period any gain or loss relating to the partial or full termination of the lease.

For all other lease modifications that result in remeasurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of right-of-use asset

(3) The Company acts as the lessor

When the Company acts as the lessor, the leases that substantially transfer all the risks and rewards related to the ownership of the assets are recognized as finance leases, and other leases other than finance leases are recognized as operating leases.

Finance leases

In the case of finance leases, the Company takes the net investments in the lease as the carrying amounts of finance lease receivables at the commencement date, and the net lease investments are the sum of the unguaranteed residual value and the present value of the lease payments receivable at the commencement date discounted at the implicit interest rate. The Company, as the lessor, calculates and recognizes interest income for each period of the lease term at a fixed periodic rate. The variable lease payments obtained by the Company as the lessor and not included in the measurement of the net lease investments shall be recorded into the current profit or loss when actually incurred.

The derecognition and impairment of finance lease receivable shall be accounted for in accordance with the provisions of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and the "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets".

Operating lease

For the rent in the operating lease, the Company shall recognize the profit or loss of the current period in accordance with the straight-line method during each period of the lease term. The initial direct costs incurred in connection with the operating lease shall be capitalized, allocated on the same basis as the recognition of rental income during the lease term and recorded into the current profit or loss in installments. The variable lease payments obtained in connection with the operating lease and not included in the lease payments shall be recorded into the current profit or loss when actually incurred.

Lease modifications

If an operating lease is modified, the Company will treat it as a new lease for accounting treatment from the effective date of the modification, and the amount of lease payments received in advance or receivable related to the lease before the modification will be regarded as the amount of new lease payments.

The Company will treat the finance lease modification as a separate lease if the following conditions are met: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If the finance lease modification is not accounted for as a separate lease, the Company will deal with the modified lease under the following circumstances: ① If the modification takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease modification, and take the net investment in lease before the effective date of the lease modification as the carrying amount of the leased asset; ② If the modification takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the provisions

of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" concerning the modification or renegotiation of the contract.

30. Assets held for sale

(1) Classification and measurement of non-current assets or disposal groups held for sale

The Company classifies a non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through a sale transaction (including an exchange transaction of non-monetary assets with commercial substance) rather than through continuing use.

Non-current assets mentioned above do not include investment properties subsequently measured with the fair value model, biological assets measured at fair value less costs to sell, assets arising from employee benefits, financial assets, deferred tax assets and contractual rights under insurance contracts.

The disposal group is a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. In certain circumstances, disposal groups include goodwill acquired in a business combination.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: according to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; the sale is highly probable to occur, that is, the Company has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year. The Company that is committed to a sale plan involving loss of control of a subsidiary classifies all the investment in that subsidiary as held for sale in its separate financial statements, and classifies all the assets and liabilities of that subsidiary as held for sale in its consolidated financial statements, when the classification criteria for held for sale are met, regardless of whether the Company retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an loss allowance in profit or loss. The loss allowance recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Company recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative loss allowance that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Company does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale, equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Company does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Company measures a non-current asset that ceases to be classified as held for sale at the lower of:

- ① Its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and
- ② Its recoverable amount.

(2) Discontinued operations

The Company classifies a component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- ① It represents a separate major line of business or a separate geographical area of operations;
- ② It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- ③ It is a subsidiary acquired exclusively with a view to resale.

(3) Presentation

The Company presents a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale as "Assets held for sale" in balance sheet. The liabilities of a disposal group classified as held for sale is presented as "Liabilities held for sale" in balance sheet.

The Company presents profit or loss from discontinued operations separately from profit or loss from continuing operations in income statement. Loss allowance and reversal amount and any disposal gain or loss of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations. Any gain or loss from continuing operation of discontinued operations, including loss allowance and reversal amount, and disposal gain or loss is included in profit or loss from discontinued operations.

A disposal group which is planned to cease operation rather than for sale, and meets the criteria of a part of discontinued operation, the Company presents it as discontinued operation from the date of cessation.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. If the Company ceases to classify a discontinued operation as held for sale, the information previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented.

31. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures related assets or liabilities at fair value, including financial assets measured at fair value and whose changes are recorded in current profit or loss, investment real estate, and financial liabilities measured at fair value and whose changes are recorded in current profit or loss, etc. It is assumed that the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the

market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities with active markets, the Company uses the quoted prices in active markets as their fair value. Otherwise, the Company uses valuation technique to determine their fair value. The valuation models used are mainly discounted cash flow model and market comparable company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, lack of liquidity discount, etc.

Fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits using the asset in its best way or by selling it to another market participant that would best use the asset.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Assets and liabilities measured or disclosed at fair value in the financial statements are determined which level of fair value according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

At the balance sheet date, the Company revalues assets and liabilities that are measured at fair value in the financial statements to determine whether to transfer among the levels of fair value measurement.

32. Assets securitization

The Company securitised long-term receivables (receivables referred to as "trust assets") and generally sold these assets to a special-purpose entity, which in turn issued securities to investors. Interest in securitized financial assets is retained in the form of credit enhancement, subordinated bonds, or other residual interest (retained interest). Retained interests are recorded in the Company's balance sheet at fair value. The gains or losses of securitization depend on the carrying value of the transferred financial assets and are distributed between the financial assets terminated from recognition and the retained interest according to their relevant fair value at the date of transfer. Gains or losses from securitization are recorded in current profits and losses.

In applying the policy of securitising financial assets, the Company has considered the degree of risk and reward transfer of assets transferred to another entity and the extent to which the Company exercises control over that entity:

- ① When the Company has transferred almost all the risks and rewards on the ownership of the financial asset, the Company will terminate the recognition of the financial asset;
- ② When the Company retains almost all the risks and rewards on the ownership of the financial asset, the Company will continue to recognize the financial asset;
- ③ If the Company does not transfer or retain almost all the risks and rewards of the ownership of the financial asset, the Company will consider whether there is any control over the financial asset. If the Company does not retain control, the Company will terminate the recognition of the financial asset and

recognize the rights and obligations arising or retained in the transfer as assets or liabilities respectively. If the Company retains control, the financial assets will be recognized according to the degree of continued involvement in the financial assets.

V. Changes in accounting policies, accounting estimates and correction of errors

1. Changes in accounting policies

(1) Interpretation No. 18 of the Accounting Standards for Business Enterprises

According to Interpretation No. 18, when conducting accounting for the estimated liabilities arising from the warranty-type quality assurance that does not fall within a single performance obligation, in accordance with the relevant provisions of Accounting Standards for Enterprises No. 13 - Contingent Matters, based on the determined amount of the estimated liability, debit the accounts such as "Cost of Main Business" and "Cost of Other Business", and credit the account of "Estimated Liabilities". And present it correspondingly in the item of "Operating Cost" in the income statement, and in the items such as "Other Current Liabilities", "Non-current Liabilities Due within One Year" and "Estimated Liabilities" in the balance sheet. When an enterprise first implements the content of this interpretation, if the warranty-type quality assurance provision was originally recorded in accounts such as "Selling And Distribution Expenses", it shall make retroactive adjustments in accordance with the change of accounting policies.

The Group has implemented this regulation since the issuance of Interpretation No. 18 and made retrospective adjustments.

The impact of the implementation of the above accounting policy on the consolidated income statement for the year 2023 is as follows:

Consolidated income statement items (for the year 2023)	Amounts before adjustments	Adjustment amounts	Amounts after adjustments
Operating costs	10,072,307,784.10	4,708,676.15	10,077,016,460.25
Selling and distribution expenses	303,909,470.99	-4,708,676.15	299,200,794.84

2. Changes in accounting estimates

There is no change in accounting estimates of the Company during the reporting period.

3. Corrections of material prior period errors

1 The Company lent money to Guangzhou Yuanshengde Municipal Services Co., Ltd. in 2021. From 2021 to 2023, a total of RMB 319,456,944.41 of interest receivable was accrued. In this year, a retroactive correction was made for the error related to this matter.

2 In July 2024, Guangzhou GET Venture Capital Co., Ltd., a subsidiary of the Group, received a risk warning issued by the tax authority. The partnership dividend income obtained from 2018 to 2022 was not fully declared and paid for enterprise income tax. Therefore, in 2024, the corrected declaration increased the taxable income from 2018 to 2022 by RMB 5,918,216.72. In this year, a retroactive correction was made for the error of this matter.

Due to the correction of the above significant prior period errors, the undistributed profits at the beginning of 2024 were reduced by RMB 325,375,161.13, including a reduction of the net profit in 2023 by RMB 151,576,388.87 and a reduction of the undistributed profit at the beginning of 2023 by RMB 173,798,772.26. The net profit in 2023 includes a reduction of financial expenses - interest income RMB 142,996,593.33 and an increase in non-operating expenses by RMB 8,579,795.54.

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4. Cumulative impact on opening balance of owners' equity

There is no cumulative impact on opening balance of owners' equity of the Company during the reporting period.

	2024.01.01					2023.01.01						
	Capital reserve	comprehensive income	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Capital reserve	comprehensive income	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings
Balance before retroactive adjustment	6,975,987,235.44	376,613,484.16				1,177,509,610.68	7,774,189,577.87	282,925,789.15				1,488,477,141.85
Retroactive adjustment of accounting error correction						-325,375,161.13						-173,798,772.26
Balance after retroactive adjustment	6,975,987,235.44	376,613,484.16				852,134,449.55	7,774,189,577.87	282,925,789.15				1,314,678,369.59

VI. Taxation

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate%
VAT	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after deducting the allowable input tax for the current period)	2% . 3% . 5% . 6% . 9% . 13%
Urban maintenance and construction tax	Turnover tax payable	7% - 5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable profits	12.5% . 15% . 20% . 25%
VAT on land	VAT acquired on the transfer of real estate and at the prescribed rate	30%-60%
Urban land use tax	Actual area of land occupied by the taxpayer (square meters)	3m ² . 6m ²
Property tax	Rental income or original value of property	12% . 1.2%

2. Tax preferential treatments and approval documents

(1) Environmental protection, energy and water conservation projects corporate income tax incentives

According to Article 27, Paragraph 2 of the Enterprise Income Tax Law of the People's Republic of China and Article 87 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the solar photovoltaic power station projects are categorized as public basic power projects that are primarily supported by the state. Consequently, they are eligible for the preferential policy of "three years of exemption and three years of 50% reduction" in enterprise income tax. Starting from the tax year in which the project generates its first production and operation income, enterprise income tax will be exempted for the first to third years, and reduced by 50% for the fourth to sixth years.

Companies involved: Guangdong Jiangmen Hengguang New Energy Co., Ltd., Guangdong Jiangmen Hengguang Phase II New Energy Co., Ltd.

(2) Corporate income tax incentives

1) Income tax benefits for small low-profit enterprises

According to the provisions of the Announcement of the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses with Relevant Tax Policies (the State Taxation Administration [2023] No.12), from January 1, 2023 to December 31, 2027, the resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities transaction stamp tax), cultivated land occupation tax, education surcharge, and local education surcharge will be halved for small-scale VAT taxpayers, small and micro-profit enterprises, and individual business owners. The policy of reducing the taxable income by 25% and paying enterprise income tax at a rate of 20% for small low-profit enterprises will continue to be implemented until December 31, 2027.

Companies involved: Guangzhou Kaiyun Municipal Services Co., Ltd., Guangzhou Kaiyun Jieshun Intelligent Parking Technology Co., Ltd., Guangzhou Kaide Investment Co., Ltd., Guangzhou Kaide Real Estate Co., Ltd., Guangzhou Kaide Yunchuang Investment and Development Co., Ltd., Guangzhou Yulong Real Estate Co., Ltd., Guangzhou Yongzhen Science and Technology Industrial Park Co., Ltd., Guangzhou Kaisheng Science and Technology Industrial Park Co., Ltd., Guangzhou Huiyu Science and Technology Industrial Park Co., Ltd., Guangzhou Yunqi Science and Technology Industrial Park Co., Ltd., Guangzhou Haochen Science and Technology Industrial Park Co., Ltd., Beijing Apis Bioscience Co., Ltd., DiaSys Diagnostic Products (Shanghai) Co., Ltd., Beijing Saidehua Medical Equipment Co., Ltd., Xiamen Leadman Medical Devices Co., Ltd., Hunan Lideman Medical Equipment Co., Ltd., Shanghai Shangtuo Industrial Co., Ltd., Guangzhou Kaide Technology Business Incubator Co., Ltd., Anhui Dexian Medical Devices Co., Ltd. and Henan Deing Biotechnology Co., Ltd.

2) Tax incentives for high-tech enterprises

a. Guangzhou Hengyun Electric Power Engineering Technology Co., Ltd. was recognized as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, and approved by the Department of Finance of Guangdong Province, the Guangdong Provincial Tax Service of the State Taxation Administration (formerly the Guangdong Provincial State Tax Bureau and the Guangdong Provincial Local Tax Bureau) on December 22, 2022. The certificate number is GR202244010352, and the validity period is 3 years. The enterprise income tax rate for the years 2022-2024 is 15%.

b. Guangzhou Hengyun Thermal Energy Group Co., Ltd. was recognized as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, and approved by the Department of Finance of Guangdong Province, the Guangdong Provincial Tax Service of the State Taxation Administration (formerly the Guangdong Provincial State Tax Bureau and the Guangdong Provincial Local Tax Bureau) on December 19, 2024. The certificate number is GR202444001434, and the validity period is 3 years. The enterprise income tax rate for the years 2022-2024 is 15%.

c. Guangzhou Hengyun Environmental Protection Technology Development Co., Ltd. was recognized as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, and was approved by the Department of Finance of Guangdong Province, the Guangdong Provincial Tax Service of the State Taxation Administration (formerly the Guangdong Provincial State Tax Bureau and Guangdong Provincial Local Tax Bureau) on November 28, 2024. The certificate number is GR202444006301, and the validity period is 3 years. The enterprise income tax rate for the years 2024-2026 is 15%.

d. Nantong Blue Island Marine Engineering Co., Ltd. was recognized as a high-tech enterprise by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance and the Jiangsu Provincial Tax Service of the State Taxation Administration on November 19, 2024. The certificate number is GR202432006329, and the validity period is 3 years. The enterprise income tax rate for the years 2024 to 2026 is 15%.

e. Yangzhou Taisheng Wind Energy Equipment Co., Ltd. was approved as a high-tech enterprise by the Yangzhou Municipal Bureau of Industry and Information Technology, Jiangsu Provincial Intellectual Property Office, Yangzhou Science and Technology Bureau and the Office of the National High-tech Enterprise Recognition Management Leading Group on December 16, 2024. The certificate number is GR202432011038, with a validity period of 3 years. The enterprise income tax rate for the years 2024-2026 is 15%.

f. Beijing Leadman Biochemistry Co., Ltd. obtained the High-tech Enterprise Certificate on December 19, 2024. The certificate number is GS202411000092, and the validity period is 3 years. The enterprise

income tax rate for the years 2024-2026 is 15%.

g. Desai Diagnostic Systems (Shanghai) Co., Ltd. obtained the High-tech Enterprise Certificate on December 12, 2023. The certificate number is GR202331003815, and the validity period is 3 years. The enterprise income tax rate for the years 2023-2025 is 15%.

h. Opto-Mechatronics (Guangzhou) Technology Research Institute Co., Ltd. obtained the High-tech Enterprise Certificate on December 11, 2024. The certificate number is GR202444010135, and the validity period is 3 years. The enterprise income tax rate for the years 2024-2026 is 15%.

3) Tax incentives for enterprises in the Western region

a. According to the Announcement of the Ministry of Finance No.23 [2020], from January 1, 2021 to December 31, 2030, encouraged enterprises located in the western region whose principal operating income accounts for more than 60% of the enterprise's income are subject to a reduced corporate income tax rate of 15%.

Companies involved: Baotou Taisheng Wind Power Equipment Co., Ltd., Xinjiang Taisheng Wind Power Equipment Co., Ltd., Altay Taisheng New Energy Equipment Co., Ltd., Mulei Taisheng Wind Energy Equipment Co., Ltd., Ruoqiang Taisheng Wind Energy Equipment Co., Ltd. and Changji Taisheng Wind Energy and Wind Power Equipment Co., Ltd.

b. According to Article 87 of the "Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" which took effect on January 1, 2008, the income from the investment and operation of state - key - supported public infrastructure projects referred to in Item (2), Article 27 of the Enterprise Income Tax Law is eligible for enterprise income tax exemption or reduction. The subsidiary Taishan Wind Energy (Song County) New Energy Development Co., Ltd. meets the requirement of "new wind - power - generation project", and thus is subject to an income tax rate of 12.5% during the reporting period.

(3) Preferential Policies for Real Estate Tax and Land Use Tax Exemption

1) According to Article 25 of Document Caishuidizi [1986] No. 8, for houses jointly used by taxable units and tax-exempt units, real estate tax shall be levied or exempted respectively according to the parts used by each unit. The investment real estate gratuitously leased by the Group to tax-exempt units is exempt from real estate tax, and the exemption period is from January 1, 2024 to December 31, 2024.

2) According to the regulation that "for the land gratuitously used by tax-exempt units from taxable units (such as the land of railway and civil aviation units used by public security, customs and other units), land use tax is exempted; for the land gratuitously used by taxable units from tax-exempt units, the taxable units shall pay land use tax in accordance with the regulations", the Group will exempt the tax-exempt units from land use tax for the land gratuitously used by them from our group from January 1, 2024 to December 31, 2024.

Companies involved: GDD Investment Holdings Co., Ltd., Guangzhou Kaide Investment Co., Ltd.

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VII. Enterprise combinations and consolidated financial statements

1. Basic information on subsidiaries included in the scope of the consolidated statements

No.	Name of company	Level	Business type	Place of registration	Main place of business	Nature of business	Shareholding percentage (%)	Voting rights (%)	Method of acquisition
1	Guangzhou High-Tech Zone Technology Holdings Group Co., Ltd	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Science and technology promotion and application services	100.00	100.00	Investment establishment
2	GOD Investment Holdings Co., Ltd	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Housing construction	77.58	77.58	Investment establishment
3	Guangzhou GET Investment Holdings Co. Ltd.	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Investment and asset management	100.00	100.00	Investment establishment
4	Guangzhou GET Venture Capital Co., Ltd.	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Investment and asset management	100.00	100.00	Investment establishment
5	Guangzhou GET Asset Operation Co., Ltd.	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Business services	100.00	100.00	Investment establishment
6	Guangzhou GET Capital Operation Co., Ltd.	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Capital market services	100.00	100.00	Investment establishment
7	Guangzhou Development Zone (Hong Kong) Investment Co., Ltd.	2	Overseas subsidiary	Hong Kong	Hong Kong	Other integrated management services	100.00	100.00	Investment establishment
8	Guangzhou GET Financial Services Group Co., Ltd	2	Domestic financial subsidiary	Guangzhou	Guangzhou	Investment and asset management	100.00	100.00	Investment establishment
9	Guangzhou Kaiyun Development Co., Ltd	2	Domestic non-financial subsidiary	Guangzhou	Guangzhou	Property management	91.67	91.67	Investment establishment