Parent Company's Income Statement

FY 2023

Prepared by: Guangzhou Development District Holdings Group Co., Ltd. (Consolidated) Currency: RMB Yuan

Item	Note	Current year amount	Prior year amount
I. Operating income	XIII. 4	240,700,192.76	217,576,518.40
Less: Operating cost	XIII. 4	61,287,615.58	68,377,626.35
Taxes and surcharges		43,389,812.59	41,763,850.49
Selling expenses		-	-
General and administrative expenses		103,038,126.74	145,483,520.59
Research and development expenses		-	-
Financial expenses		751,505,006.56	1,406,377,779.32
Including: Interest expenses		2,117,429,194.83	2,219,263,608.43
Interest income		1,483,251,475.03	1,572,893,379.50
Net exchange losses (Net gains marked with "-")		117,250,457.71	759,869,603.34
Others		-	-
Add: Other income		-	-
Investment income (Loss marked with "-")	XIII. 5	864,495,328.19	1,362,851,792.15
Including: Income from investments in associates and joint ventures		-11,342,919.17	16,634,141.40
Gains on derecognition of financial assets measured at amortized cost		-	-
Net exposure hedging gains (Loss marked with "-")		-	-
Gains on changes in fair value (Loss marked with "-")		-66,310,812.69	251,970,803.28
Credit impairment losses (Loss marked with "-")		-81,296.35	681,640.99
Impairment loss of assets (Loss marked with "-")		-	-
Income from disposal of assets (Loss marked with "-")		-	40,993.92
II. Operating profit (Loss marked with "-")		79,582,850.44	171,118,971.99
Add: Non-operating income		4,421,094.10	6,854,027.51
Including: Government grants		4,373,170.45	6,829,027.18
Less: Non-operating expenses		2,009,740.28	2,102,387.60
III. Total profit (Total losses marked with "-")		81,994,204.26	175,870,611.90
Less: Income tax expenses		8,858,824.59	-33,120,603.44
IV. Net profit (Net losses marked with "-")		73,135,379.67	208,991,215.34
(I) Net profit from continuing operations		73,135,379.67	208,991,215.34
(II) Net profit from discontinued operations		-	-
V. Net after-tax amount of other comprehensive income		-8,254,128.87	-15,639,015.00
(I) Other comprehensive income that cannot be reclassified into profit or loss		-	-
1. Remeasurement of changes in defined benefit plans		-	-
2. Other comprehensive income not converted into profit or loss under the equity method		-	-
3. Changes in fair value of investments in other equity instruments		-	-
4. Changes in fair value of the enterprise's own credit risks		-	-
5. Others		-	-
(II) Other comprehensive income that will be reclassified into profit or loss		-8,254,128.87	-15,639,015.00
1. Other comprehensive income converted into profit or loss under the equity method		-8,254,128.87	-15,639,015.00
2. Changes in fair value of other debt investments		-	-
☆3. Gains or losses on changes in fair value of available-for-sale financial assets		-	-
4. Amount of financial assets reclassified into other comprehensive income		-	-
☆5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets		-	-
6. Provision for credit impairment of other debt investments		-	-
7. Cash flow hedge reserves (effective portion of cash flow hedge gains or losses)		-	-
8. Translation difference of foreign currency statements		-	-
9. Others		-	-
VI. Total comprehensive income		64,881,250.80	193,352,200.34
VII. Earnings per share		—	—
(I) Basic earnings per share		-	-
(II) Diluted earnings per share		-	-

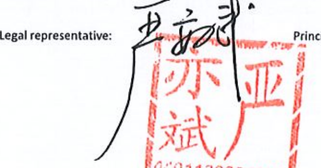
Legal representative: Principal in charge of accounting: Head of accounting department:

Consolidated Cash Flow Statement

FY 2023

Prepared by: Guangzhou Development District Holdings Group Co., Ltd. (Consolidated) Currency: RMB Yuan

Item	Note	Current year amount	Prior year amount
I. Cash flows from operating activities:		—	—
Cash received from sales of goods or rendering of services		13,790,298,769.81	8,379,012,594.15
△Net increase in customer deposits and interbank deposits		-	-
△Net increase in borrowings from the Central Bank		-	-
△Net increase in borrowings from other financial institutions		-	-
△Cash received from premiums for signed insurance contracts		-	-
△Net cash received from ceded reinsurance contracts		-	-
▲Cash received from original insurance contract premiums		-	-
▲Net cash received from reinsurance business		-	-
▲Net increase of deposits and investments of the insured		-	-
△Net increase in the disposal of financial assets at fair value through profit or loss		-482,079,472.70	-117,720,825.68
△Cash received from interest, handling charges and commissions		883,190,841.95	985,526,427.00
△Net increase in borrowings from banks and other financial institutions		569,999,850.00	138,149,348.85
△Net increase of repurchase business funds		1,347,231,997.19	-635,382,325.21
△Net cash received from securities trading		-3,315,805.23	-268,271,938.35
Received tax refunds		237,369,649.54	533,552,248.88
Other cash received from operating activities		1,818,489,859.51	2,946,459,236.22
Subtotal of cash inflows from operating activities		18,161,185,690.07	11,961,324,765.86
Cash paid for purchase of goods or receipt of services		12,896,751,675.68	8,609,824,577.88
△Net increase in loans and advances to customers		-	-
△Net increase of deposits in the Central Bank and interbank		-	-
△Cash for paying compensation for signed insurance contracts		-	-
△Net cash for the payment of ceded reinsurance contracts		-	-
△Net increase of loans pledged on insurance policies		-	-
▲Cash for payment of compensation for original insurance contracts		-	-
△Net increase in lendings to banks and other financial institutions		466,163,383.66	-779,034,743.36
△Cash for paying interest, handling charges and commissions		173,526,418.15	142,814,158.07
▲Cash for paying policy dividends		-	-
Cash paid to and for employees		1,467,212,410.77	1,429,392,965.36
Taxes paid		1,617,851,216.40	880,968,502.47
Other cash paid to operating activities		1,595,575,339.69	1,473,937,901.03
Subtotal of cash outflows from operating activities		18,217,080,444.35	11,757,903,361.45
Net cash flow from operating activities		-55,894,754.28	203,421,404.41
II. Cash flows from investing activities:		—	—
Cash received from disinvestment		18,926,718,826.57	38,128,145,572.93
Cash received from investment income		1,064,708,023.75	975,402,429.42
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		18,282,733.74	105,971,314.29
Net cash received from the disposal of subsidiaries and other business units		-	15,831,747.94
Other cash received from investing activities		2,944,332,003.09	1,894,378,670.15
Subtotal of cash inflows from investing activities		22,954,041,587.15	41,119,729,734.73
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		5,161,862,101.40	3,448,450,763.44
Cash paid for investments		28,539,092,493.03	37,254,940,244.84
▲Net increase in pledge loans		-	-
Net cash paid to acquire subsidiaries and other business units		-	415,271,353.09
Other cash paid to investing activities		1,940,986,952.03	2,038,494,960.59
Subtotal of cash outflows from investing activities		35,641,941,546.46	43,157,157,321.96
Net cash flow from investing activities		-12,687,899,959.31	-2,037,427,587.23
III. Cash flows from financing activities:		—	—
Cash received from investments		8,031,518,913.18	3,703,136,869.70
*Including: Cash received by subsidiaries from investments of non-controlling interests		59,174,000.00	174,636,869.70
Cash received from borrowings		45,584,044,979.79	36,362,926,066.12
Other cash received from financing activities		3,511,400,236.04	2,846,961,723.80
Subtotal of cash inflows from financing activities		57,126,964,129.01	42,913,024,659.62
Payment of debts in cash		33,947,473,878.49	33,148,077,951.07
Cash paid for dividends, profits appropriation or payments of interest		3,227,292,448.79	3,351,572,820.20
*Including: Dividends and profits paid to non-controlling interests by subsidiaries		450,491,235.36	476,655,986.93
Other cash paid to financing activities		4,768,283,251.20	5,393,405,616.54
Subtotal cash outflows from financing activities		41,943,049,578.48	41,893,056,387.81
Net cash flow from financing activities		15,183,914,550.53	1,019,968,271.81
IV. Impact of exchange rate fluctuations on cash and cash equivalents		-52,257,651.98	-40,767,937.83
V. Net increase in cash and cash equivalents		2,387,862,184.96	-854,805,848.84
Add: Balance of cash and cash equivalents at the beginning of the period	VIII. 72	19,488,658,838.18	20,343,464,687.02
VI. Balance of cash and cash equivalents at the end of the period	VIII. 72	21,876,521,023.14	19,488,658,838.18

Legal representative:  Principal in charge of accounting: Head of accounting department:

Parent Company's Cash Flow Statement

FY 2023

Prepared by: Guangzhou Development District Holdings Group Co., Ltd. (Consolidated) Currency: RMB Yuan

Item	Note	Current year amount	Prior year amount
I. Cash flows from operating activities:		—	—
Cash received from sales of goods or rendering of services		244,898,515.38	226,778,327.49
Received tax refunds		-	-
Other cash received from operating activities		206,367,581.83	242,567,521.49
Subtotal of cash inflows from operating activities		451,266,097.21	469,345,848.98
Cash paid for purchase of goods or receipt of services		54,824,304.85	10,830,270.83
Cash paid to and for employees		57,822,306.86	54,338,832.82
Taxes paid		118,950,228.42	130,977,939.86
Other cash paid to operating activities		32,791,119.67	62,897,726.14
Subtotal of cash outflows from operating activities		264,387,959.80	259,044,769.65
Net cash flow from operating activities	XIII. 6	186,878,137.41	210,301,079.33
II. Cash flows from investing activities:		—	—
Cash received from disinvestment		11,130,102,973.20	22,810,430,979.38
Cash received from investment income		1,339,087,983.11	157,580,862.02
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		210.00	80,115.00
Net cash received from the disposal of subsidiaries and other business units		-	-
Other cash received from investing activities		16,420,738,016.35	12,802,847,289.99
Subtotal of cash inflows from investing activities		28,889,929,182.66	35,770,939,246.39
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		3,565,415.14	29,325,719.33
Cash paid for investments		16,903,590,243.54	26,576,111,764.04
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash paid to investing activities		13,833,604,544.00	12,126,321,760.00
Subtotal of cash outflows from investing activities		30,740,760,202.68	38,731,759,243.37
Net cash flow from investing activities		-1,850,831,020.02	-2,960,819,996.98
III. Cash flows from financing activities:		—	—
Cash received from investments		7,209,480,000.00	3,498,500,000.00
Cash received from borrowings		30,473,979,531.37	22,677,890,416.66
Other cash received from financing activities		4,545,928,894.97	5,247,676,693.91
Subtotal of cash inflows from financing activities		42,229,388,426.34	31,424,067,110.57
Payment of debts in cash		25,552,204,000.00	18,554,390,499.99
Cash paid for dividends, profits appropriation or payments of interest		2,365,658,553.78	2,310,901,458.22
Other cash paid to financing activities		8,244,594,500.49	10,184,493,673.80
Subtotal cash outflows from financing activities		36,162,457,054.27	31,049,785,632.01
Net cash flow from financing activities		6,066,931,372.07	374,281,478.56
IV. Impact of exchange rate fluctuations on cash and cash equivalents		-10,381,168.12	-629,794.88
V. Net increase in cash and cash equivalents		4,392,597,321.34	-2,376,867,233.97
Add: Balance of cash and cash equivalents at the beginning of the period		2,940,677,228.08	5,317,544,462.05
VI. Balance of cash and cash equivalents at the end of the period		7,333,274,549.42	2,940,677,228.08

Legal representative: Principal in charge of accounting: Head of accounting department:

Consolidated Statement of Changes in Owners' Equity

FY 2023

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

Currency: RMB Yuan

Item	Line number	Current year amount													
		Equity attributable to the owners of parent company												Non-controlling interests	Total owners' equity
		Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	△General risk reserves	Undistributed profits	Subtotal		
			Preference shares	Perpetual bonds	Others										
Column number	—	1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Closing balance in the previous year	1	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	23,320,806,852.90	23,373,250,014.29	46,694,056,867.19
Add: Changes in accounting policies	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Correction of prior-period errors	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance in the current year	5	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	23,320,806,852.90	23,373,250,014.29	46,694,056,867.19
III. Increase or decrease in the current year (Decrease marked with "-")	6	1,121,716,474.50	-	5,150,000,000.00	-	-798,202,342.43	-	93,687,695.01	-	-	6,714,817.65	-310,967,531.17	5,262,949,113.56	745,562,365.42	6,008,511,478.98
1. Total comprehensive income	7	—	—	—	—	—	—	97,376,401.82	—	—	—	-162,954,571.74	-65,578,169.92	908,799,542.15	843,221,372.23
2. Owners' inputs and decreases in capital	8	-	-	5,150,000,000.00	-	323,505,495.95	-	-	-	-	-	-	5,473,505,495.95	475,194,894.54	5,948,700,390.49
(1) Ordinary shares invested by owners	9	-	—	—	—	215,980,000.00	—	—	—	—	—	—	215,980,000.00	1,051,154,715.84	1,267,134,715.84
(2) Other equity instrument holder's investment	10	-	-	5,150,000,000.00	-	-5,344,241.09	—	—	—	—	—	—	5,144,655,758.91	-	5,144,655,758.91
(3) Amount of share-based payments included in owner's equity	11	-	—	—	—	-	—	—	—	—	—	—	-	-	-
(4) Others	12	-	—	—	—	112,869,737.04	-	-	-	-	-	-	112,869,737.04	-575,959,821.30	-463,090,084.26
3. Withdrawal and utilization of special reserves	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Withdrawal of special reserves	14	—	—	—	—	—	—	—	—	—	—	—	-	-	-
(2) Utilization of special reserves	15	—	—	—	—	—	—	—	—	—	—	—	-	-	-
4. Profit distribution	16	-	-	-	-	8,636.12	-	-	-	-	6,714,817.65	-151,701,666.24	-144,978,212.47	-638,432,071.27	-783,410,283.74
(1) Withdrawal of surplus reserves	17	—	—	—	—	—	—	—	—	—	—	-	-	—	-
Including: Statutory surplus reserve	18	—	—	—	—	—	—	—	—	—	—	-	-	—	-
Discretionary surplus reserves	19	—	—	—	—	—	—	—	—	—	—	-	-	—	-
#Reserve funds	20	—	—	—	—	—	—	—	—	—	—	-	-	—	-
#Enterprise development funds	21	—	—	—	—	—	—	—	—	—	—	-	-	—	-
#Profits returned to investment	22	—	—	—	—	—	—	—	—	—	—	-	-	—	-
△2. Withdrawal of general risk reserves	23	—	—	—	—	—	—	—	—	—	6,714,817.65	-6,714,817.65	-	—	-
(3) Distribution to owners	24	—	—	—	—	—	—	—	—	—	—	-144,986,848.59	-144,986,848.59	-638,432,071.27	-783,418,919.86
(4) Others	25	-	-	-	-	8,636.12	-	-	-	-	-	-	8,636.12	-	8,636.12
5. Internal carry forward of owners' equity	26	1,121,716,474.50	-	-	-	-1,121,716,474.50	-	-3,688,706.81	-	-	-	3,688,706.81	-	-	-
(1) Transfer of capital reserve to capital	27	1,121,716,474.50	—	—	—	-1,121,716,474.50	—	—	—	—	—	—	-	—	-
(2) Transfer of surplus reserves to capital	28	-	—	—	—	—	—	—	—	—	—	—	-	—	-
(3) Recover of loss by surplus reserve	29	—	—	—	—	—	—	—	—	—	—	-	-	—	-
(4) Changes in defined benefit plans carried forward to retained earnings	30	—	—	—	—	—	—	-	—	—	—	-	-	—	-
(5) Other comprehensive income carried forward to retained earnings	31	—	—	—	—	—	—	-3,688,706.81	—	—	—	3,688,706.81	-	—	-
(6) Others	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance in the current year	33	11,484,950,284.14	-	8,498,857,735.85	-	6,975,987,235.44	-	376,613,484.16	-	-	69,837,616.19	1,177,509,610.68	28,583,755,966.46	24,118,812,379.71	52,702,568,346.17

Legal representative: Principal in charge of accounting: Head of accounting department:

Consolidated Statement of Changes in Owners' Equity (Continued)

FY 2023

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

Currency: RMB Yuan

Item	Line number	Prior year amount													
		Equity attributable to the owners of parent company												Non-controlling interests	Total owners' equity
		Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	△General risk reserves	Undistributed profits	Subtotal		
			Preference shares	Perpetual bonds	Others										
Column number	—	15	16	17	18	19	20	21	22	23	24	25	26	27	28
I. Closing balance in the previous year	1	10,363,233,809.64	-	3,242,648,301.88	-	7,646,841,834.65	-	280,126,965.96	-	-	57,117,530.71	3,125,023,370.74	24,714,991,813.58	20,314,702,220.04	45,029,694,033.62
Add: Changes in accounting policies	2	-	-	-	-		-	-	-	-	-	290,493.77	290,493.77	60,312.12	350,805.89
Correction of prior-period errors	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance in the current year	5	10,363,233,809.64	-	3,242,648,301.88	-	7,646,841,834.65	-	280,126,965.96	-	-	57,117,530.71	3,125,313,864.51	24,715,282,307.35	20,314,762,532.16	45,030,044,839.51
III. Increase or decrease in the current year (Decrease marked with "-")	6	-	-	106,209,433.97	-	127,347,743.22	-	2,798,823.19	-	-	6,005,267.83	-1,636,836,722.66	-1,394,475,454.45	3,058,487,482.13	1,664,012,027.68
1. Total comprehensive income	7	—	—	—	—	—	—	2,798,823.19	—	—	—	-1,353,358,863.58	-1,350,560,040.39	362,815,644.06	-987,744,396.33
2. Owners' inputs and decreases in capital	8	-	-	106,209,433.97	-	127,347,743.22	-	-	-	-	-	-18,165,465.46	215,391,711.73	3,188,334,653.52	3,403,726,365.25
(1) Ordinary shares invested by owners	9	-	—	—	—	142,768,947.95	—	—	—	—	—	—	142,768,947.95	192,679,962.37	335,448,910.32
(2) Other equity instrument holder's investment	10	-	-	106,209,433.97	-	-1,920,754.72	—	—	—	—	—	—	104,288,679.25	-	104,288,679.25
(3) Amount of share-based payments included in owner's equity	11	-	—	—	—	-	—	—	—	—	—	—	-	-	-
(4) Others	12	-	—	—	—	-13,500,450.01	-	-	-	-	-	-18,165,465.46	-31,665,915.47	2,995,654,691.15	2,963,988,775.68
3. Withdrawal and utilization of special reserves	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Withdrawal of special reserves	14	—	—	—	—	—	—	—	-	—	—	—	-	-	-
(2) Utilization of special reserves	15	—	—	—	—	—	—	—	-	—	—	—	-	-	-
4. Profit distribution	16	-	-	-	-	-	-	-	-	-	6,005,267.83	-265,312,393.62	-259,307,125.79	-492,662,815.45	-751,969,941.24
(1) Withdrawal of surplus reserves	17	—	—	—	—	—	—	—	—	-	—	-	-	—	-
Including: Statutory surplus reserve	18	—	—	—	—	—	—	—	—	-	—	-	-	—	-
Discretionary surplus reserves	19	—	—	—	—	—	—	—	—	-	—	-	-	—	-
#Reserve funds	20	—	—	—	—	—	—	—	—	-	—	-	-	—	-
#Enterprise development funds	21	—	—	—	—	—	—	—	—	-	—	-	-	—	-
#Profits returned to investment	22	—	—	—	—	—	—	—	—	-	—	-	-	—	-
△2. Withdrawal of general risk reserves	23	—	—	—	—	—	—	—	—	—	6,005,267.83	-6,005,267.83	-	—	-
(3) Distribution to owners	24	—	—	—	—	—	—	—	—	—	—	-259,307,125.79	-259,307,125.79	-492,662,815.45	-751,969,941.24
(4) Others	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Internal carry forward of owners' equity	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Transfer of capital reserve to capital	27	-	—	—	—	-	—	—	—	—	—	—	-	—	-
(2) Transfer of surplus reserves to capital	28	-	—	—	—	-	—	—	—	-	—	—	-	—	-
(3) Recover of loss by surplus reserve	29	—	—	—	—	—	—	—	—	-	—	-	-	—	-
(4) Changes in defined benefit plans carried forward to retained earnings	30	—	—	—	—	—	—	-	—	—	—	-	-	—	-
(5) Other comprehensive income carried forward to retaine	31	—	—	—	—	—	—	-	—	-	—	-	-	—	-
(6) Others	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance in the current year	33	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	23,320,806,852.90	23,373,250,014.29	46,694,056,867.19

Legal representative: 亦斌 严 4401120024007

Principal in charge of accounting: 毅镳 王

Head of accounting department: 唐庆荣

Parent Company's Statement of Changes in Owners' Equity

FY 2023

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

Currency: RMB Yuan

Item	Line number	Current year amount										
		Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
			Preference shares	Perpetual bonds	Others							
Column number	—	1	2	3	4	5	6	7	8	9	10	11
I. Closing balance in the previous year	1	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
Add: Changes in accounting policies	2	—	—	[illegible]	—	—	—	—	—	—	—	—
Correction of prior-period errors	3	—	—	—	[illegible]	—	—	—	—	—	—	—
Others	4	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance in the current year	5	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
III. Increase or decrease in the current year (Decrease marked with "-")	6	1,121,716,474.50	-	5,150,000,000.00	-	-861,632,418.45	-	-8,254,128.87	-	-	-71,851,468.92	5,329,978,458.26
1. Total comprehensive income	7	—	—	—	—	—	—	-8,254,128.87	—	—	73,135,379.67	64,881,250.80
2. Owners' inputs and decreases in capital	8	-	-	5,150,000,000.00	-	260,084,056.05	-	-	-	-	-	5,410,084,056.05
(1) Ordinary shares invested by owners	9	-	—	—	-	266,216,131.53	—	—	—	—	—	266,216,131.53
(2) Other equity instrument holder's investment	10	-	-	5,150,000,000.00	-	-6,132,075.48	—	—	—	—	—	5,143,867,924.52
(3) Amount of share-based payments included in owner's equity	11	-	—	—	—	-	—	—	—	—	—	-
(4) Others	12	-	—	—	—	-	-	-	-	-	-	-165,043,795.84
3. Withdrawal and utilization of special reserves	13	-	-	-	-	-	-	-	-	-	-	-
(1) Withdrawal of special reserves	14	—	—	—	—	—	—	—	-	—	—	-
(2) Utilization of special reserves	15	—	—	—	—	—	—	—	-	—	—	-
4. Profit distribution	16	-	-	-	-	-	-	-	-	-	-144,986,848.59	-144,986,848.59
(1) Withdrawal of surplus reserves	17	—	—	—	—	—	—	—	—	-	-	-
Including: Statutory surplus reserve	18	—	—	—	—	—	—	—	—	-	-	-
Discretionary surplus reserves	19	—	—	—	—	—	—	—	—	-	-	-
#Reserve funds	20	—	—	—	—	—	—	—	—	-	-	-
#Enterprise development funds	21	—	—	—	—	—	—	—	—	-	-	-
#Profits returned to investment	22	—	—	—	—	—	—	—	—	-	-	-
(2) Distribution to owners	23	—	—	—	—	—	—	—	—	—	-144,986,848.59	-144,986,848.59
(3) Others	24	-	-	-	-	-	-	-	-	-	-	-
5. Internal carry forward of owners' equity	25	1,121,716,474.50	-	-	-	-1,121,716,474.50	-	-	-	-	-	-
(1) Transfer of capital reserve to capital	26	1,121,716,474.50	—	—	—	-1,121,716,474.50	—	—	—	—	—	-
(2) Transfer of surplus reserves to capital	27	-	—	—	—	—	—	—	—	-	—	-
(3) Recover of loss by surplus reserve	28	—	—	—	—	—	—	—	—	-	—	-
(4) Changes in defined benefit plans carried forward to retained earnings	29	—	—	—	—	—	—	-	—	—	-	-
(5) Other comprehensive income carried forward to retained earnings	30	—	—	—	—	—	—	-	—	—	-	-
(6) Others	31	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance in the current year	32	11,484,950,284.14	-	8,498,557,735.85	-	5,140,899,987.07	-	-12,609,310.48	-	-	-217,315,736.16	24,894,482,960.42

Legal representative: 亚广 亦斌 4401120024307

Principal in charge of accounting: 王毅镳 王毅镳

Head of accounting department:

Parent Company's Statement of Changes in Owners' Equity (Continued)

FY 2023

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

Currency: RMB Yuan

Item	Line number	Prior year amount										
		Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
			Preference shares	Perpetual bonds	Others							
Column number	—	12	13	14	15	16	17	18	19	20	21	22
I. Closing balance in the previous year	1	10,363,233,809.64	-	3,242,079,245.28	-	5,861,684,212.29	-	11,283,833.39	-	-	-95,148,356.79	19,383,132,743.81
Add: Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-
Correction of prior-period errors	3	-	-	-	-	-	-	-	-	-	-	-
Others	4	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance in the current year	5	10,363,233,809.64	-	3,242,079,245.28	-	5,861,684,212.29	-	11,283,833.39	-	-	-95,148,356.79	19,383,132,743.81
III. Increase or decrease in the current year (Decrease marked with "-")	6	-	-	106,478,490.57	-	140,848,193.23	-	-15,639,015.00	-	-	-50,315,910.45	181,371,758.35
1. Total comprehensive income	7	—	—	—	—	—	—	-15,639,015.00	—	—	208,991,215.34	193,352,200.34
2. Owners' inputs and decreases in capital	8	-	-	106,478,490.57	-	140,848,193.23	-	-	-	-	-	247,326,683.80
(1) Ordinary shares invested by owners	9	-	—	—	—	142,768,947.95	—	—	—	—	—	142,768,947.95
(2) Other equity instrument holder's investment	10	-	-	106,478,490.57	-	-	—	—	—	—	—	106,478,490.57
(3) Amount of share-based payments included in owner's equity	11	-	—	—	—	-	—	—	—	—	—	-
(4) Others	12	-	—	—	—	-1,920,754.72	-	-	-	-	-	-1,920,754.72
3. Withdrawal and utilization of special reserves	13	-	-	-	-	-	-	-	-	-	-	-
(1) Withdrawal of special reserves	14	—	—	—	—	—	—	—	-	—	—	-
(2) Utilization of special reserves	15	—	—	—	—	—	—	—	-	—	—	-
4. Profit distribution	16	-	-	-	-	-	-	-	-	-	-259,307,125.79	-259,307,125.79
(1) Withdrawal of surplus reserves	17	—	—	—	—	—	—	—	—	-	-	-
Including: Statutory surplus reserve	18	—	—	—	—	—	—	—	—	-	-	-
Discretionary surplus reserves	19	—	—	—	—	—	—	—	—	-	-	-
#Reserve funds	20	—	—	—	—	—	—	—	—	-	-	-
#Enterprise development funds	21	—	—	—	—	—	—	—	—	-	-	-
#Profits returned to investment	22	—	—	—	—	—	—	—	—	-	-	-
(2) Distribution to owners	23	—	—	—	—	—	—	—	—	—	-259,307,125.79	-259,307,125.79
(3) Others	24	-	-	-	-	-	-	-	-	-	-	-
5. Internal carry forward of owners' equity	25	-	-	-	-	-	-	-	-	-	-	-
(1) Transfer of capital reserve to capital	26	-	—	—	—	-	—	—	—	—	—	-
(2) Transfer of surplus reserves to capital	27	-	—	—	—	—	—	—	—	—	—	-
(3) Recover of loss by surplus reserve	28	—	—	—	—	—	—	—	-	-	-	-
(4) Changes in defined benefit plans carried forward to retained earnings	29	—	—	—	—	—	—	-	—	—	-	-
(5) Other comprehensive income carried forward to retained earnings	30	—	—	—	—	—	—	-	—	-	-	-
(6) Others	31	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance in the current year	32	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

Legal representative: Principal in charge of accounting: Head of accounting department:

I. Background of the Company

1. History, registration place, organization form and headquarters address

Guangzhou Development District Holdings Group Co., Ltd. (hereinafter referred to as the "Group" or the "Company" "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 6th, 1998 as a wholly state-owned holding company with limited liability. the business license registration number of the enterprise legal person obtained is 4401081100074, on April 12th, 2011, the business license number of the enterprise legal person was changed to 440108000039287; on April 15th, 2016, the unified social credit code was changed to 914401167124402906. The Group changed its name to Guangzhou Development District Holdings Group Co., Ltd. on January 6th, 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 by Guangzhou Development District State-owned Assets Supervision and Administration Suipu Finance* [2020] No. 342. The registered capital of the Group is RMB 11,484,950,284 and the industry it belongs to: business services.

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

Legal representative: Yan Yibin.

2. Nature of business and principal activities of the enterprise

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. Investment activities with own funds; park management services; enterprise headquarters management; enterprise management consulting; non-residential real estate leasing; housing leasing; financing consulting services; securities investment consulting.

3. Organizational structure

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

The Company consists of functional management departments such as office, party and group work department, human resources department, discipline inspection and audit office, finance and capital department, risk control and compliance department, board office (strategic

investment department), property rights management department, investment promotion department and park department, including 25 secondary subsidiaries.

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

4. Approval and submission of financial reports

The approved preparer of the Group's financial report is the Board of Directors, with an approved filing date of April 26th, 2024.

5. Period of business

November 6th, 1998 to November 6th, 2048.

II. Basis for preparation of the financial statement

1. Basis of preparation

The Group's financial statements are presented on a going concern basis, based on actual transactions and events, and were prepared in accordance with the Accounting Standards for Business Enterprises relevant rules, and based on accounting policies detailed in Note IV. "Significant accounting policies and accounting estimates".

2. Going concern

The Group has been profitable and supported by financial resources. The Group prepared its financial statements on a going concern basis.

III. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Group comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the financial position, results of operations and cash flows of the Group and other relevant information.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The Group accounting period is from January 1st to December 31st of each calendar year.

2. Functional currency

The Group's functional currency is RMB.

3. Basis of bookkeeping and pricing principles

The Group's accounting is based on the accrual basis and valued at historical cost, with the exception of financial assets held for trading, investment properties, other non-current financial assets, other equity instrument investments, etc., which are measured at fair value.

4. Business combination

Business combinations are categorized into business combinations under common control and business combinations not under common control.

Assets and liabilities acquired by the Group as a consolidated party in a business combination under the common control are measured at the consolidated date at the book value of the consolidated party in the consolidated statements of the ultimate control party. The difference between the book value of net assets acquired and the book value of the combined consideration paid is adjusted for capital reserves; if the capital reserves are not sufficient to offset the difference, the retained earnings are adjusted.

Identifiable assets, liabilities and contingent liabilities of the purchaser acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of consolidation is the sum of the fair value of cash or non-cash assets, liabilities incurred or assumed, equity securities issued, etc., paid by the Group at the date of purchase to acquire control over the purchaser, as well as the costs directly related to each of the expenses incurred in the business combination (where the business combination is achieved in stages through multiple transactions, the cost of consolidation is the sum of the costs of each individual transaction). The excess of the cost of the consolidation over the fair value of the purchaser's share of the identifiable net assets acquired in the consolidation is recognized as goodwill; If the consolidation costs are less than the fair value of the purchaser's share of the identifiable net assets acquired in the consolidation, the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the consolidation, as well as the fair value of the non-cash assets or equity securities issued in the consolidation consideration, are reviewed first; If, after review, the consolidation costs are still less than the fair value of the purchaser's share of the identifiable net assets acquired in the consolidation, the difference is included in non-operating income in the current period of consolidation.

Where control of a subsidiary is obtained through a business combination not under common control, the Group determines the date of purchase as the date on which the following conditions are concurrently met: the business combination contract or agreement has been approved by the shareholders at a general meeting, etc.; where the business combination is subject to approval by the relevant competent national authorities, such approval has been obtained; the parties involved in the merger have carried out the necessary formalities for transferring their property rights; the Group has already paid a substantial part of the merger price (which should generally be in excess of 50%), and is able to, and plans to, make the remaining payment; and the Group has in fact gained control of the financial and operating policies of the party to be merged or of the party to be purchased and is entitled to enjoy the corresponding benefits and assume the corresponding risks.

5. Methodology for the preparation of the consolidated financial statements

(1) Principles for determining the scope of consolidation

The Group includes all controlled subsidiaries and structured entities within the scope of the consolidated financial statements.

(2) Principles, procedures and methodology for the preparation of consolidated financial statements

When preparing consolidated financial statements, if the subsidiaries' accounting policies or accounting periods are inconsistent with those adopted by the Group, necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies or accounting periods of the Group.

All significant internal transactions, balances and unrealized gains within the scope of the consolidation are eliminated in the preparation of the consolidated statements. The share of the subsidiary's shareholder's interest that is not attributable to the parent company and the share of net income, other comprehensive income and total comprehensive income attributable to minority shareholders for the current period are shown in the consolidated financial statements under "Minority interest, minority income, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders".

For subsidiaries that are consolidated under common control, the results of operations and cash flows are included in the consolidated financial statements from the beginning of the period in which they are consolidated. In preparing the comparative consolidated financial statements, adjustments are made to the relevant items in the prior year's financial statements as if the consolidated reporting entity had existed from the point at which the ultimate controlling party commenced control.

The gradual acquisition of equity interest in an investee under common control through multiple transactions, which eventually results in a business combination, the preparation of the consolidated statements is treated as if it had existed in its current state at the time when the ultimate controlling party became controlled, and the related assets and liabilities of the consolidated party are incorporated in the comparative statements of the Group's consolidated financial statements to the extent that they are no earlier than the time when the Group and the consolidated party are both under the control of the ultimate controlling party, and the related items under owner's equity are adjusted in the comparative statements for the increase in net assets resulting from the combination. To avoid double-counting the value of the consolidated party's net assets, long-term equity investments held by the Group prior to the date of consolidation are offset against opening retained earnings and current earnings for the comparative statement period from the later of the date of acquisition of the original equity

interest and the date on which the Group and the consolidated party are in final control of the same party until the date of consolidation, respectively.

For businesses not under the common control that merge to acquire subsidiaries, the results of operations and cash flows are included in the consolidated financial statements from the date the Group acquires control. In preparing the consolidated financial statements, adjustments are made to the financial statements of subsidiaries based on the fair value of each identifiable asset, liability and contingent liability as determined at the date of purchase.

When a step-by-step acquisition of an equity interest in an investee not under common control through multiple transactions eventually results in a business combination, the equity interest in the investee held prior to the date of purchase is remeasured at the fair value of the equity interest at the date of purchase, and the difference between the fair value and its book balance is recognized as investment income in the current period; the equity interest in the investee held prior to the date of purchase to which it relates is involved in the equity method of accounting Other comprehensive income under the equity method and changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution are recognized as investment income or loss in the period to which they relate, except for other comprehensive income resulting from the remeasurement of the net liabilities or changes in net assets of the defined benefit plans of the investee.

The Group partially disposes of its long-term equity investments in subsidiaries without losing control and adjusts the difference between the disposal price and the disposal price of the long-term equity investments corresponding to the share of the subsidiaries' net assets calculated continuously from the date of purchase or the date of consolidation, adjusted for a capital premium or equity premium, and adjusted for retained earnings if the shortfall in capital reserves is eliminated in the consolidated financial statements.

If the Group loses control of an investee due to, for example, the disposal of a portion of its equity investment, the remaining equity interest is remeasured at its fair value at the date of loss of control in the preparation of the consolidated financial statements. The difference between the consideration received for the disposal of the equity and the fair value of the remaining equity, less the proportionate share of the original subsidiary's net assets calculated on a continuing basis from the date of purchase or consolidation, is included in the investment gain or loss in the period in which control is lost, offset by goodwill. Other comprehensive income, such as other comprehensive income related to equity investments in former subsidiaries, is transferred to current investment gains or losses upon loss of control.

If the Group's equity investment in a subsidiary is disposed of step by step through multiple transactions up to the loss of control, if each transaction that disposes of the equity investment in the subsidiary up to the loss of control is a package transaction, each transaction is accounted

for as a transaction that disposes of the subsidiary up to the loss of control; however, the difference between the price of each disposition prior to the loss of control and the share of the subsidiary's net assets corresponding to the disposed of investment is recognized as other comprehensive income in the consolidated financial statements and transferred to the gain or loss on the investment in the period of the loss of control when control is lost.

6. Classification of joint venture arrangements and accounting treatment of joint operations

The Group's joint arrangements include joint operations and joint ventures. For jointly-operated projects, the Group recognizes assets held and liabilities assumed individually and assets held and liabilities assumed on a share basis as a joint venture partner in a jointly-operated project, and recognizes the related revenues and expenses individually or on a share basis in accordance with the relevant agreements. If a transaction with a joint operation occurs for the purchase or sale of an asset that does not constitute a business, only the portion of the gain or loss resulting from the transaction that is attributable to the other participants in the joint operation is recognized.

7. Recognition criteria for cash and cash equivalent

Cash in the Group's statement of cash flows represents cash on hand and deposits readily available for payment, while cash equivalents in the statement of cash flows represent investments with a holding period of not more than three months, which are liquid, easily convertible into known amounts of cash and have little risk of changes in value.

8. Foreign currency operations and foreign currency translations

(1) Foreign currency operations

When foreign currency operations occur, the foreign currency amounts are translated into RMB amounts at the spot exchange rate (or based on actual situation) on the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for the exchange differences arising from special borrowings in foreign currencies for the acquisition or production of assets eligible for capitalization, which are treated in accordance with the principle of capitalization.

(2) Translation of foreign currency financial statements

Assets and liabilities items in the foreign currency balance sheet are translated using the spot exchange rate at the balance sheet date; owners' equity items, except for "undistributed profits", are translated at the spot exchange rate at the time of the operation; and income and expense items in the income statement are translated using the spot exchange rate at the date

of the transaction (or based on actual situation). The foreign currency statement translation differences arising from the above translation are presented in "other comprehensive income" under owners' equity. Cash flows in foreign currencies are translated using the spot rate (or based on the actual situation) at the date the cash flows occur. The amount of the effect of exchange rate changes on cash is presented separately in the cash flow statement.

9. Client transaction settlement funds

The funds received by the Group for the settlement of customer transactions are deposited in the special account of the depository bank and managed separately from its own funds, and the funds for the settlement and settlement of securities transactions on behalf of customers are deposited into the clearing agency designated by the exchange and accounted for in the settlement reserve. The Group recognizes assets and liabilities at the same time when it receives payments for securities trading on behalf of its clients, and the handling fee, securities management fee, securities settlement risk fund and other related expenses paid by the Group on behalf of its clients are recognized as handling fee when it clears with the clearing agency, and the handling fee collected from the clients is recognized as handling fee income when it clears with the clients for securities trading.

10. Recognition and measurement of financial instruments

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

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract. A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized, i.e., charged off from its accounts and statement of financial position, if the following conditions are met:

1) The right to receive cash flows from the financial asset expires;

2) The right to receive cash flows from the financial asset is transferred or the obligation under a "pass-through agreement" to pay the full amount of cash flows received to a third party in a timely manner is assumed; and substantially all the risks and rewards of ownership of the financial asset are transferred, or control over the financial asset is relinquished although substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained.

A financial liability is derecognized if the obligation for the financial liability has been discharged, reversed or expired. If an existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of an existing liability are substantially modified, such replacement or modification shall be treated as

derecognition of the original liability and recognition of a new liability, and the difference shall be recognized in current profit or loss.

Financial assets traded on a regular basis are recognized and derecognized on the basis of trade date accounting. Trading financial assets on a regular basis means receiving or delivering financial assets in accordance with the terms of the contract and within the time period stipulated by regulations or prevailing practices. The trade date is the date on which the Group commits to buy or sell the financial asset.

(1) Financial assets

1) Classification, recognition basis and measurement of financial assets

The Group's financial assets are classified at initial recognition as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, based on the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. All affected underlying financial assets are reclassified when, and only when, the Group changes its business model for managing the financial assets.

Financial assets are measured at fair value on initial recognition, except for accounts receivable or notes receivable arising from the sale of goods or rendering of services, etc. that do not contain significant financing components or do not take into account a financing component that is not more than one year old, which are initially measured at the transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount.

The Group classifies financial assets as financial assets measured at amortized cost if both of the following conditions are met: ① the business model for managing the financial assets is to collect the contractual cash flows; and ② the contractual terms of the financial assets provide that the cash flows arising on a specific date are only payments of principal and interest based on the outstanding principal amount. For these financial assets, interest income is recognized using the effective interest method, and gains or losses arising from their derecognition, modification or impairment are recognized in current profit or loss. The Group's financial assets in this category mainly include accounts receivable, notes receivable, other receivables and debt investments.

The Group classifies financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① the business model for managing the financial assets is to both collect the contractual cash flows and to sell the financial

assets; ② the contractual terms of the financial assets provide that the cash flows arising on a specific date are only payments of principal and interest based on the outstanding principal amount. Interest income is recognized on such financial assets using the effective interest method. Changes in fair value are recognized in other comprehensive income, except for interest income, impairment losses and exchange differences, which are recognized in current profit or loss. When a financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred from other comprehensive income to the current profit or loss. The Group's financial assets in this category mainly include: receivables financing, and other equity instrument investments.

For investments in equity instruments at fair value through other comprehensive income: the Group irrevocably elect to designate certain non-trading investments in equity instruments as financial assets at fair value through other comprehensive income, with only the related dividend income (except for dividend income that is explicitly recovered as part of investment costs) recognized in current profit or loss. Subsequent changes in the fair value are recognized in other comprehensive income, and no impairment provision is required. When a financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred from other comprehensive income to retained earnings.

The Group recognizes interest income based on the effective interest rate method. Interest income is determined by multiplying the book balance of the financial assets (before impairment provision) by the effective interest rate, except for the following cases: ① For purchased or underlying financial assets that are credit impaired, interest income is determined from initial recognition based on the amortized cost of the financial assets (book balance less impairment provision, i.e., book value) and the credit-adjusted effective interest rate. ② For purchased or underlying financial assets that are not credit-impaired but become credit-impaired in subsequent periods, interest income is determined in subsequent periods based on the amortized cost of the financial assets and the effective interest rate.

Financial assets, other than those classified as at amortized cost and those classified as at fair value through other comprehensive income as described above, are classified by the Group as at fair value through profit or loss. Such financial assets are subsequently measured at fair value, with all changes in fair value recognized in profit or loss except those relating to hedge accounting. The Group's financial assets in this category mainly include: financial assets held for trading, and other non-current financial assets.

If the contingent consideration recognized by the Group in a business combination not under common control constitutes a financial asset, the financial asset is classified as a financial asset at fair value through profit or loss.

A financial asset can only be designated at initial measurement as a financial asset at fair value through profit or loss when accounting mismatches can be eliminated or significantly reduced.

2) Recognition basis and measurement for transfer of financial assets

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

If the Group 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; 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.

If the continuing involvement is achieved by providing a financial guarantee over the transferred financial asset, the asset resulting from the continuing involvement is recognized at the lower of the book value of the financial asset and the amount of the financial guarantee. The amount of the financial guarantee is the maximum amount of consideration received that will be required to be repaid.

If a transfer of a financial asset as a whole satisfies the derecognition condition, the difference between the book value of the transferred financial asset at the date of derecognition and the sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized directly in other comprehensive income corresponding to the derecognized portion is recognized in profit or loss for the current period (The financial asset involved in the transfer meets both the following conditions: ① the Group's business model for managing the financial asset is aimed at both collecting the contractual cash flows and selling the financial asset; and ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the outstanding principal amount.)

3) Impairment of financial instruments

a. Scope of application

The Group impairs financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts on the basis of expected credit losses and recognizes a loss provision.

For receivables and contract assets without significant financing components, the Group applies a simplified measurement method and measures the loss provision at an amount equal to the expected credit loss over the entire life of the asset.

For lease receivables, receivables and contract assets with significant financing components, the Group elects to apply a simplified measurement method and measures the loss provision at an amount equal to the expected credit loss over the entire life of the asset.

b. Method of determining expected credit losses and accounting treatment

For financial assets, loan commitments and financial guarantee contracts other than those using the simplified measurement method as described above, the Group assesses at each balance sheet date whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition and is in the first stage, the Group measures the loss provision at an amount equal to the expected credit losses over the next 12 months and calculates interest income based on the book balance and the effective interest rate; if the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and the Group measures the loss provision at an amount equal to the expected credit losses over the entire life of the asset and calculates interest income based on the book balance and the effective interest rate; if credit impairment occurs after initial recognition, it is in the third stage, and the Group measures the loss provision at an amount equal to the expected credit losses over the entire life of the asset and calculates interest income based on the amortized cost and the effective interest rate. For financial instruments with only low credit risk at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

The Group assesses expected credit losses on financial instruments on an individual and portfolio basis. The Group considers the credit risk characteristics of different customers and evaluates the expected credit losses of financial instruments based on aging portfolios.

The Group's approach to measuring expected credit losses on financial instruments reflects factors such as an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and projections of future economic conditions that are available at the balance sheet date without undue additional cost or effort.

When the Group reasonably expects that the contractual cash flows from a financial asset will no longer be fully or partially recoverable, the Group writes down the book value of the financial asset directly. (Disclose other conditions for writing off impairment provisions and writing down the book value of financial assets)

(2) Financial liabilities

1) Classification, recognition basis and measurement of financial liabilities

The Group's financial liabilities are classified on initial recognition as follows: financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, except for financial guarantee contracts issued, loan commitments to lend at below-market interest rates, and financial liabilities arising from transfers of financial assets that do not meet the conditions for derecognition or from the continuation of involvement in the transferred financial assets. For financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, and for Financial liabilities measured at amortized cost, the related transaction costs are included in their initial recognition amounts.

If the contingent consideration recognized by the Group as a purchaser in a business combination not under common control forms a financial liability, the financial liability is accounted for at fair value through profit or loss.

The subsequent measurement of a financial liability depends on its classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss except those relating to hedge accounting. Financial liabilities designated as at fair value through profit or loss are subsequently measured at fair value, with changes in fair value recognized in profit or loss, except for changes in fair value attributable to changes in the Group's own credit risk, which are recognized in other comprehensive income; if the recognition of changes in fair value attributable to changes in the Group's own credit risk in other comprehensive income would result in, or magnify, accounting mismatches in profit or loss, the Group recognizes all changes in fair value (including the amount of the effect of changes in the Group's own credit risk) in current profit or loss.

(Financial liabilities designated as at fair value through profit or loss on initial recognition, if any) A financial liability may be designated as at fair value through profit or loss on initial measurement only if one of the following conditions is satisfied:

a. It can eliminate or significantly reduce accounting mismatches;

b. The formal written document on risk management or investment strategy has stated that the financial instrument portfolio is managed, evaluated, and reported to key management personnel based on fair value;

c. It includes hybrid instruments of one or more embedded derivatives, unless the embedded derivatives do not materially alter the cash flows of the hybrid instrument or it is clear that the embedded derivatives should not be split from the underlying hybrid instrument;

d. It includes hybrid instruments of embedded derivatives that need to be separated but cannot be measured separately at the time of acquisition or a subsequent balance sheet date.

Financial liabilities measured at amortized cost

Such financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

2) Conditions for derecognition of financial liabilities

A financial liability or a portion of the financial liability for which the obligation has been discharged is derecognized when all or part of the present obligation of the financial liability has been discharged. If the Group enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is derecognized and the new financial liability is recognized at the same time. If the Group materially modifies all or part of the contractual terms of an existing financial liability, the Group derecognizes the existing financial liability or a portion thereof and recognizes the modified financial liability as a new financial liability. The difference between the book value of the derecognized portion and the consideration paid is recognized in current profit or loss.

(3) Methodology for determining the fair value of financial assets and financial liabilities

The Group measures [derivative financial instruments and investments in equity instruments] at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

The Group measures the fair value of financial assets and financial liabilities at prices in the principal markets or, if no principal market exists, at prices in the most advantageous market and using valuation techniques that are applicable at the time and supported by sufficient available data and other information. There are three levels of inputs used in fair value measurements: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; Level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities. The Group gives the highest priority to the level 1 inputs and the lowest priority to the level 3 inputs. Level 1 inputs are used for financial assets held for trading, and Level 3 inputs are used for unlisted

equity. The level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are measured at fair value on a continuous basis to determine whether a transition has occurred between the fair value measurement hierarchy.

The Group's investments in equity instruments are measured at fair value. However, in limited circumstances where there is insufficient recent information available to determine fair value or where the range of possible estimates of fair value is wide and the cost represents the best estimate of fair value within that range, the cost may represent the appropriate estimate of fair value within that range of distribution. Equity instrument investments in this category include: other equity instrument investments, other non-current financial assets.

The Group manages its financial assets and financial liabilities on the basis of net exposure to market risk and credit risk, and therefore measures the fair value of the portfolio of financial assets and financial liabilities on the basis of the price at which a market participant would sell net long (i.e., an asset) or transfer net short (i.e., a liability) in an orderly transaction in current market conditions at the measurement date. (If applicable)

If the fair value initially recognized for a financial instrument (which is neither based on quoted prices in active markets for identical assets or liabilities nor on valuation techniques that use only observable market data) differs from the transaction price, the accounting policy used to recognize the difference in profit or loss shall be disclosed by type.

(4) Offsetting between financial assets and financial liabilities

The Group's financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, when the following conditions are also met, the net amount after mutual offset is presented in the balance sheet: ① the Group has a legal right to offset the recognized amount and such legal right is currently enforceable; and ② the Group plans to settle on a net basis or to realize the financial assets and settle the financial liabilities at the same time.

(5) Derivative financial instruments

The Group uses derivative financial instruments, which are initially measured at fair value at the date the derivative transaction contract is entered into and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset and those with a negative fair value are recognized as a liability. Gains or losses arising from changes in the fair value of derivatives are recognized directly in profit or loss, except in relation to hedge accounting.

(6) Distinction between financial liabilities and equity instruments and related

treatment

The Group distinguishes between financial liabilities and equity instruments in accordance with the following principles: 1) A contractual obligation meets the definition of financial liability if the Group cannot unconditionally avoid the delivery of cash or other financial assets to meet the obligation. Some financial instruments, while not expressly containing terms and conditions for the obligation to deliver cash or other financial assets, may indirectly create contractual obligations through other terms and conditions. 2) If a financial instrument is to be settled with, or may be settled with, the Group's own equity instrument, consideration needs to be given to whether the Group's own equity instrument used to settle the instrument is a substitute for cash or other financial assets or is intended to give the holder of the instrument a residual interest in the assets of the issuer after deducting all liabilities. In the former case, the instrument is a financial liability of the issuer; in the latter case, the instrument is an equity instrument of the issuer. In some cases, a contract for a financial instrument that requires the Group to settle that financial instrument with, or may be settled with, its own equity instrument, where the amount of the contractual right or contractual obligation is equal to the amount of the own equity instrument available or to be delivered multiplied by its fair value at settlement, whether the amount of the contractual right or obligation is fixed or is based wholly or partly on changes in variables other than the market price of the Group's own equity instrument (such as interest rates, the price of a commodity or the price of a financial instrument), is classified as a financial liability.

The perpetual bonds issued by the Group do not have a maturity date and the Group has the right to roll over the bonds an unlimited number of times after maturity. For the coupon interest of the perpetual bonds, the Group has the right to defer the payment, and the Group has no contractual obligation to pay cash or other financial assets. Therefore, perpetual bonds are classified as equity instruments.

Where financial instruments or their components are financial liabilities, interest, stock dividends (dividends), gains or losses thereon, and gains or losses arising from redemption or refinancing, are recognized in profit or loss for the current period.

When a financial instrument or a component of an equity instrument is issued (including refinancing), repurchased, sold or written off, the Group treats it as a change in equity and does not recognize changes in the fair value of the equity instrument.

11. Notes receivable and accounts receivable

(1) Individual accrual of impairment provision

The individual accrual of impairment provision for the following notes receivable and accounts receivable is made by the Group and the bad debts are provisioned based on the difference between the present value of future cash flow and the book value.

① The top 5 in closing balances; ②the individual amount of receivables at year-end accounted for 10% (including) or more of the receivables.

(2) Accrual of impairment provision by portfolio

When information on expected credit losses cannot be assessed at a reasonable cost for individual financial assets, the Group divides the notes receivable, accounts receivable and contract assets into portfolios based on credit risk characteristics and calculates expected credit losses on a portfolio basis, which is determined on the following basis:

1) Notes receivable

- Portfolio 1 of notes receivable: Bank notes receivable portfolio
- Portfolio 2 of notes receivable: Commercial notes receivable portfolio

2) Accounts receivable

- Portfolio 1 of accounts receivable: Non-risk accounts portfolio
- Portfolio 2 of accounts receivable: 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.

On the basis of grouping, the Group will prepare the following table of risky asset types, aging of accounts receivable and fixed allowance ratio by referring to historical credit loss experience, and use it as the basis for calculating expected credit losses.

a. Aging portfolio

Aging	Accounts receivable accrual ratio (%)	Other receivables accrual ratio (%)
Within 1 year	0.00	0.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
4-5 years	70.00	70.00
More than 5 years	100.00	100.00

3) Accounting treatment

The Group calculates the expected credit loss on notes 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 notes receivable or accounts receivable, the Group recognizes the difference as an impairment loss on notes receivable or impairment loss on accounts receivable, debiting "credit impairment loss" and crediting "provision for bad debts". 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 "provision for bad debts" and credits "notes receivable", "accounts receivable" and "other receivables". If the write-off amount is greater than the provision amount made, their difference is debited to "credit impairment loss".

12. Securities underwriting

The Group's securities are underwritten by means of balance underwriting and distribution. Under balance underwriting, unsold securities at the end of the issue period are converted into trading financial assets at the agreed issue price, etc.

The Group recognizes the costs associated with the issuance of projects prior to their establishment in profit or loss for the current period. After the project is established, separately identifiable issuance costs are charged to the account of pending underwriting costs, and gains and losses are carried forward when the project is successfully issued. All project costs that are confirmed to be unsuccessful in issuance are recorded in profit or loss for the current period.

13. Method of accounting for bond-denominated operations

The Group recognizes revenue when it accepts a mandate to honor the maturity of bonds issued by the principal and when the related services provided by the bond-delivery business are completed.

14. Buy-back and sell-back payments

A buy-sell transaction refers to the purchase of related assets (including bonds and notes) from a counterparty at a certain price in accordance with a contract or agreement, and the resale of the same financial products at an agreed price on the maturity date of the contract or agreement. Purchases and sales are accounted for as actual payments made at the time of purchase and sale of the underlying assets and are shown in the balance sheet under "Buying back the sale of financial assets".

A sale and repurchase transaction is the sale of an underlying asset (including bonds and notes) to a counterparty at a price in accordance with a contract or agreement, and the repurchase of the same financial product at the agreed price on the maturity date of the contract

or agreement. Sales of repurchases are accounted for based on the amounts actually received at the time of the sale of the repurchased assets and are shown in the balance sheet under the item "Amount of financial assets sold for repurchases". The financial products sold remain on the Group's balance sheet in accordance with their original classification and are accounted for in accordance with the relevant accounting policies.

Interest income and expenditure on buy-backs and sell-backs are recognized at the effective interest rate over the period of the buy-back or sale. Where the difference between the effective interest rate and the contractual rate is small, interest income and expenditure are calculated at the contractual rate.

15. Customer asset management

The Group's customer asset management business is divided into targeted asset management business, pooled asset management business and special asset management business.

The Group accounts for the different asset management plans it manages, with each product as the accounting subject, with separate accounting and separate financial reporting. The different asset management plans are independent of each other in terms of registering, setting up accounts, transferring funds, keeping books, etc. The accounting for pooled asset management business products is performed based on the accounting for portfolio investment funds and the pooled asset plan is valued at fair value at each valuation date.

16. Financing and financing of securities

The Group's securities financing business refers to the business activities in which the Group lends funds to customers to buy securities or lends securities to customers to sell, and the customers deposit the corresponding collateral. The Group's financing and securities financing business is divided into two categories: financing business and securities financing business.

Financing operations, which are accounted for in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments. The Group's financing recognizes receivables and recognizes corresponding interest income.

In the securities business, the securities financed are not derecognized and the corresponding interest income is recognized, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 23 - Transfers of Financial Assets.

The Group accounts for its securities brokerage business when it finances and finances securities on behalf of its clients.

The Group reasonably anticipates possible future losses based on the funds lent and the probability of default, fully reflecting the performance risk of the funds lent and securities to be assumed.

17. Receivables financing

Receivables financing reflects notes receivable and accounts receivable, etc. that are measured at fair value through other comprehensive income at the balance sheet date. For the accounting treatment, please refer to the treatment for financial assets at fair value through other comprehensive income as described in Note IV.10.

18. Inventories

The Group's inventories mainly include raw materials, homemade semi-finished goods and goods in process, goods in stock, revolving materials, etc.

Inventories are valued at actual cost when acquired; the non-medical equipment segment is accounted for using the weighted average method when inventories are issued and the medical equipment segment is accounted for using the first-in-first-out method; low-value consumables and packaged goods are accounted for using the one-time amortization method.

The inventory system adopts the perpetual inventory system, and a comprehensive inventory count is conducted at the balance sheet date, if the results of the count do not match the bookkeeping records, the reasons are identified and processed before the year-end closing of the accounts with the approval of the Board of Directors or the shareholders' meeting, in accordance with the Group's management authority.

Inventories are valued at the lower of cost or net realizable value at the end of the year, and a provision is made for the depreciation of inventories to the extent that their cost is not expected to be recoverable because of destruction, total or partial obsolescence, or sale prices below cost. Provision is made for the difference between the cost of individual items of inventory over their net realizable value and the cost of other raw and auxiliary materials in large quantities and at lower unit cost, by category.

The net realizable value of inventories of goods, such as goods in stock, products in process and materials used for sale, which are used directly for sale, is determined by the estimated selling price of the inventory less estimated selling costs and related taxes; the net realizable value of inventories of materials held for production is determined by the estimated selling price of the finished product produced less estimated costs to be incurred at completion, estimated selling costs and related taxes and fees.

Method of accounting for land for development: pure land development projects, the cost of which constitutes a separate cost of land development. If the cost of the project, which is

developed together with the property as a whole, can be borne separately, it is generally apportioned according to the actual area and credited to the cost of commercial housing.

Method of accounting for the cost of public facilities: For public facilities that cannot be transferred at a fee, the standard allocation is determined in proportion to the benefit and included in the cost of commercial housing. For public facilities that can be transferred in return for a fee, the costs incurred will be aggregated using each facility item as a costing object.

19. Contract assets

(1) Methods and criteria for recognition of contract assets

A contract asset is a right to receive consideration for merchandise that the Group has transferred to a customer and that is dependent on factors other than the passage of time. If the Group sells two distinguishable commodities to a customer and is entitled to receive payment because one of the commodities has been delivered, but the receipt of such payment is also dependent on the delivery of the other commodity, the Group treats the right to receive payment as a contract asset.

(2) Method of determining expected credit losses on contract assets and accounting treatment

The method of determining expected credit losses on contract assets can be referenced in "Note IV. 11. Notes receivable and accounts receivable".

Accounting treatment: if the expected credit loss is greater than the current book balance of the provision for impairment of contract assets, the Group recognizes the difference as an impairment loss and debits "impairment loss on assets" and credits "provision for impairment of contract assets". 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 "provision for contract assets" and credits "contract assets". If the write-off amount is greater than the provision amount made, their difference is debited to "impairment loss of assets".

20. Long-term equity investments

(1) Basis for determining joint control and significant influence

The Group's long-term equity investments mainly consist of equity investments held by the Group that are capable of exercising control and significant influence over the investee units, as well as equity investments in its joint ventures.

Control means that the Group has power over the investee, enjoys variable returns by participating in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns.

Joint control is the control shared by agreement over an arrangement, and decisions about the activities of the arrangement must be made with the unanimous consent of the participants who share control. A joint venture arrangement is an arrangement under the joint control of two or more participants. A joint venture is a joint venture arrangement in which the joint venture party has rights only in the net assets of the arrangement.

Significant influence means that the Group has the power to participate in the investee's financial and operating policy decisions but has no control or joint control, together with other parties, of the establishment of those policies. The Group is considered to have significant influence over an investee when it owns, directly or indirectly through its subsidiaries, more than 20% but less than 50% of the investee's voting rights, unless there is clear evidence that the Group is unable to participate in the investee's production and operation decisions. When the Group holds less than 20% of the voting rights in an investee, the Group is considered to have significant influence over the investee if the Group has a representative on the board of directors or similar authority of the investee, or participates in the process of formulating the investee's financial and operating policies, or enters into significant transactions with the investee, or assigns management personnel to the investee, or provides the investee with key technological information, etc. (or in view of the multiple facts and circumstances set forth above). In determining whether it is possible to exercise significant influence over an investee, the Group takes into account, on the one hand, the Group's direct or indirect holdings of voting shares of the investee, and, on the other hand, the impact of the current exercisable potential voting rights held by the Group and other parties that would result from a hypothetical conversion into equity interests in the investee, such as the impact of currently convertible warrants, share options, and convertible corporate bonds issued by the investee.

(2) Methodology for determining the cost of long-term equity investments, subsequent measurement and profit and loss recognition

The initial investment cost of a long-term equity investment at the date of consolidation is based on acquiring the consolidated party's share of the book value of the consolidated party's ownership interest in the consolidated financial statements of the ultimate controlling party if the consideration for the consolidation is by way of cash payments, transfers of non-cash assets or incurring debt. The difference between the initial investment cost of long-term equity investments and the book value of cash paid, non-cash assets transferred and liabilities assumed are adjusted for the equity premium in the capital reserve; if the equity premium in the capital reserve is not sufficient to offset it, the retained earnings are adjusted.

If equity securities are issued as merger consideration, the initial investment cost of the long-term equity investment at the date of consolidation is treated as equity based on acquiring the consolidated party's share of the book value of the consolidated party's ownership interest in the consolidated financial statements of the ultimate controlling party and the aggregate nominal value of the shares issued, The difference between the initial investment cost of a long-term equity investment and the total nominal value of the shares issued is adjusted for the equity premium in the capital reserves; if the equity premium in the capital reserves is not sufficient to offset it, the retained earnings are adjusted.

Business combinations not under the common control: The Group's initial investment cost for long-term equity investments is based on the cost of consolidation determined at the date of purchase.

The intermediary fees, such as audit, legal services, valuation consulting, and other related management fees incurred in connection with a merger are recognized in profit or loss when incurred; transaction fees for equity or debt securities issued as consideration for a merger are included in the initial recognition amount of the equity or debt securities.

Long-term equity investments acquired through cash payments, other than those acquired through business combinations as described above, are investment costs based on the actual purchase price paid; Long-term equity investments acquired through the issuance of equity securities, which are investment cost at the fair value of the equity securities issued; Long-term equity investments made by the investor at the cost of the investment, based on the value agreed in the investment contract or agreement; The cost of long-term equity investments acquired through debt restructuring, non-monetary asset swaps, etc., is determined in accordance with the relevant accounting standards.

The Group adopts the cost method of accounting for long-term equity investments in which it is able to exercise control over the investee units and the equity method of accounting for investments in joint ventures and associates.

Under the cost method of accounting, long-term equity investments are valued at the initial investment cost and the cost of long-term equity investments is adjusted when the investments are added or recovered. Profits or cash dividends declared as distributions by the investee units are recognized as investment income.

Under the equity method of accounting, the initial investment cost is greater than the difference between the fair value share of the identifiable net assets of the investee unit at the time of investment, without adjusting the initial investment cost of the long-term equity investment; The cost of the initial investment is less than the difference between the fair value share of the identifiable net assets of the investee unit at the time of investment, which is recognized in profit or loss for the current period, and the cost of the long-term equity

investment is adjusted. Upon acquisition of the long-term equity investment, the investment income and other comprehensive income are recognized separately on the basis of the share of the net gain or loss and other comprehensive income realized by the investee for the year to which they are entitled or to which they are entitled, and the book value of the long-term equity investment is adjusted; The book value of the long-term equity investment is reduced accordingly, based on the investor's share of the profits or cash dividends declared by the investee unit; Investors adjust the book value of long-term equity investments and record them in shareholders' equity for changes in shareholders' equity other than net gains or losses, other comprehensive income and distribution of profits of the investee units. In recognizing the share of net profit or loss of an investee, investment income is recognized on the basis of the fair value of the identifiable net assets of the investee at the time of investment acquisition, adjustments to the net profit of the investee in accordance with the Group's accounting policies and the accounting period, and the offsetting of the portion of unrealized gains and losses on internal transactions with associates and joint ventures attributable to the investor in accordance with the proportion of entitlement. However, unrealized losses on internal transactions between the Group and its investees are not offset if they are impairment losses on the assets transferred.

In recognizing a share of the net loss incurred by the investee, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are written down to zero at most, except when the Group has an obligation to assume additional losses. If the investee achieves net profit in the future, the Group resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

(3) Conversion of accounting methods for long-term equity investments

If it is possible to exercise joint control or significant influence over the investee as a result of additional investment, etc., which do not constitute control, the fair value of the equity investment originally held that is recognized and measured in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* (Caikuai [2017] No. 7) plus the fair value of the consideration paid for the acquisition of the additional investment shall be regarded as the cost of the initial investment that is reclassified to be accounted for under the equity method. Then, a comparison is made between the initial investment cost obtained from the above calculation and the share of the fair value of the investee's identifiable net assets at the date of the additional investment, which is calculated and determined based on the updated proportion of the equity interest after the additional investment. If the former is greater than the latter, the book value of the long-term equity investment shall not be adjusted; if the former is less than the latter, the difference shall be adjusted to the book value of the long-term equity investment, and charged to the current non-operating income.

For long-term equity investments in which control over investee units not under the same control can be exercised as a result of additional investments, etc., the initial investment cost, which is accounted for under the cost method, is the sum of the book value of the equity investments originally held plus the cost of the new investments in the preparation of the individual financial statements. Other comprehensive income recognized as a result of the equity method of accounting for equity investments existing prior to the date of purchase is accounted for on the same basis as the related assets or liabilities directly disposed of by the investee unit when the investment is disposed of. Where equity investments held prior to the date of purchase are classified as available-for-sale financial assets for accounting purposes, changes in cumulative fair value that were previously included in other comprehensive income are transferred to current profit or loss when they are accounted for using the cost method.

Where the Group no longer has common control or significant influence over an investee unit, the recognition and measurement of remaining equity after disposal is subject to Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments (CaiKuai [2017] No. 7), and the difference between fair value and book value at the date of loss of common control or significant influence is recognized in profit or loss for the current period. Other comprehensive income recognized as a result of the equity method of accounting for the original equity investment is accounted for on the same basis as if the related assets or liabilities were disposed of directly by the investee when the equity method of accounting is discontinued;

If the Group loses control over an investee due to the disposal of part of its equity investment, etc., and the remaining equity interest after disposal is able to exercise joint control or significant influence over the investee, the Group will switch to the equity method of accounting, and the remaining equity interest will be adjusted as if it were accounted for by the equity method from the time of acquisition in the preparation of the individual financial statements; and the remaining equity interest will be remeasured in the consolidated financial statements based on the fair value at the date of the loss of control; if the remaining equity interest after disposal cannot exercise joint control or significant influence over the investee and is recognized and measured by applying "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" (Caikuai [2017] No. 7), the difference between the fair value and the book value at the date of loss of control is recognized in current profit or loss.

(4) Disposal of long-term equity investments

Disposal of long-term equity investments, the difference between their book value and the actual acquisition price is recognized in current investment income. Long-term equity investments accounted for using the equity method of accounting are disposed of on the same

basis as the related assets or liabilities directly disposed of by the investee unit, and the portion originally included in other comprehensive income is accounted for in the corresponding proportion.

(5) Impairment of long-term equity investments

For the method of impairment test and provision for impairment of long-term equity investments, refer to Note IV.29.

21. Investment properties

For investment properties that are measured consequently at the fair value model, the basis of accounting policy choice is:

Investment properties are real estate held to earn rentals or capital appreciation, or both. This includes land use rights that have been leased out, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased out. In addition, vacant buildings held by the Group for operating lease, are also reported as investment properties if the Board of Directors (or similar institution) makes a written resolution that they will be used for operating lease and the intention to hold them will not change in the near future.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will inflow and the cost can be measured reliably. Other subsequent expenditures are recognized in profit or loss as incurred.

The Group does not depreciate or amortize investment properties. The book value of investment properties is adjusted at the balance sheet date on the basis of their fair value, and the difference between the fair value and the original book value is recognized in profit or loss.

The fair value of investment properties is determined by referencing the current market price of similar or comparable properties in an active market; if the current market price of similar or comparable properties is not available, then the last transaction price of similar or comparable properties in an active market is used, and taking into account factors such as the circumstances of the transaction, the transaction date and the area in which it is located, to make a reasonable estimate for the fair value of investment properties, or the fair value is determined based on the present value of rental income and related cash flows expected to be obtained in the future.

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.

22. Fixed assets

Fixed assets are tangible assets that have the following characteristics: they are held for the production of goods, provision of services, rental or operation management and have a useful life of more than one year.

Fixed assets, including houses and buildings, machinery equipment, transportation equipment, electronic equipment and others, are recorded at their cost at the time of acquisition. The cost of purchased fixed assets includes the purchase price, import duties and taxes, and other expenditures directly attributable to the fixed assets incurred before the fixed assets are brought to the intended state of use; the cost of self-constructed fixed assets consists of the necessary expenditures incurred before the assets are brought to the intended state of use; fixed assets invested by investors are recorded at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, they are recorded at fair value.

Subsequent expenditures relating to fixed assets, including repair expenditures, upgrading expenditures, etc., are included in the cost of fixed assets if they meet the conditions for recognition of fixed assets, and for the replaced portion of the fixed assets, their book value is derecognized; those that do not meet the conditions for recognition of fixed assets are recognized in the current profit or loss when they are incurred.

The Group accrues depreciation on all fixed assets except those that are fully depreciated and are still in use, and land that is accounted for separately. Depreciation is provided using the average useful life method (or other methods) and is charged to the cost or current expense of the respective asset, depending on its use. The Group's classified depreciable lives, estimated net residual values and depreciation rates for fixed assets are as follows:

NO	Category	Depreciation period (years)	Projected residual value rate (%)	Annual depreciation rate (%)
1	Houses and buildings	20-50	0-10	1.80-5.00
2	Machinery equipment	3-25	2-10	3.60-32.67
3	Transport equipment	4-8	3-10	11.25-23.75
4	Electronic equipment	5-8	3-5	11.88-19.40
5	Office equipment	5	5	19.00
6	Other equipment	5-6	2-10	15.00-19.60

At the end of each year, the Group reviews the estimated useful life, estimated net residual value and method of depreciation of fixed assets and treats changes, if any, as changes in accounting estimates.

Recognition of a fixed asset is discontinued when the asset is disposed of or when no economic benefit is expected to result from its use or disposal. The amount of disposal proceeds from the sale, transfer, obsolescence or destruction of fixed assets, net of their book value and related taxes and fees, is recognized in profit or loss for the current period.

For the method of impairment test and provision for impairment of fixed assets, refer to Note IV.29.

23. Construction in progress

Construction in progress is measured at the cost actually incurred. Self-operated construction works are measured according to direct materials, direct wages, direct construction costs, etc.; outsourced construction works are measured according to the project price payable, etc.; equipment installation works are determined according to the value of the installed equipment, installation costs, expenses incurred in commissioning works, etc. Construction-in-progress costs also include borrowing costs and exchange gains and losses that should be capitalized.

Construction in progress is transferred to fixed assets on the date when it reaches its intended useable condition, and depreciation starts from the following month.

For the method of impairment test and provision for impairment of construction in progress, refer to Note IV.29.

24. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition or production of assets eligible for capitalization are capitalized when expenditures on the assets have been incurred, the borrowing costs have been incurred and the acquisition or production activities necessary to bring the assets to a predetermined state of use or sale have commenced; Capitalization ceases when the acquisition or production of assets eligible for capitalization reaches a predetermined state of availability or sale. The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

Interest costs actually incurred during the period of the specialized borrowing are capitalized after deducting the amount of interest income earned on unspent borrowed funds deposited with the bank or investment income earned on temporary investments; General borrowings are capitalized based on the weighted average of asset expenditures in excess of the portion of accumulated asset expenditures dedicated to borrowing multiplied by the weighted average interest rate on the general borrowings occupied.

Assets eligible for capitalization are fixed assets, investment properties and inventories that require a significant period of time (usually more than one year) of acquisition, construction or production activity to reach a predetermined state of use or sale.

If there is an abnormal interruption in the acquisition or production of an asset eligible for capitalization that occurs for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset recommences.

25. Intangible assets

Intangible assets are identifiable non-monetary assets owned or controlled by the Group that have no physical form, including land use rights, application software and proprietary technology.

The Group recognizes intangible assets acquired in a business combination not under common control that is owned by the acquiree but not recognized in its financial statements as intangible assets at fair value upon initial recognition of the acquiree's assets if one of the following conditions is met: 1. they arise from contractual or other legal rights; 2. they can be separated or carved out from the acquiree and can be sold, transferred, licensed, leased or exchanged, either individually or together with related contracts, assets and liabilities.

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 estimated useful life and amortization method of intangible assets with finite useful lives are reviewed at the end of each year, and any changes are treated as changes in accounting estimates. The estimated useful lives of intangible assets with indefinite useful lives are reviewed in each accounting period, and if there is evidence that the useful life of an intangible asset is finite, the useful life is estimated and the intangible asset is amortized over the estimated useful life.

For the method of impairment test and provision for impairment of intangible assets, refer to Note IV.29.

26. Research and development

The Group's research and development expenses are divided into research phase expenses and development phase expenses according to their nature and the greater uncertainty as to whether the research and development activities will result in intangible assets. Research phase expenditures are recognized in profit or loss as incurred; development phase expenditures are recognized as intangible assets when the following conditions are also met:

(1) Completion of the intangible asset to make it technically feasible to use or sell it;

(2) Intent to complete the intangible asset and use or sell it;

(3) A market exists for the product produced using the intangible asset or for the intangible asset itself;

(4) Adequate technical, financial and other resources are available to complete the development of the intangible asset and the ability to use or sell it;

(5) The expenditures attributable to the development phase of the intangible asset can be reliably measured.

Development phase expenditures that do not meet the above conditions are recognized in current profit or loss when incurred. Development expenditures that were recognized in profit or loss in prior periods are not recognized as assets in subsequent periods. Expenditures for the capitalized development phase are shown as development expenditures on the balance sheet and are reported as intangible assets from the date the project reaches a predetermined state of availability.

27. Long-term deferred expenses

Long-term deferred expenses are expenses that have been expended but have a benefit period of more than one year (excluding one year), and Long-term deferred expenses are valued at actual cost at the time of incurrence and are amortized equally over the benefit period. If a long-term deferred expense does not benefit subsequent accounting periods, the full amortized value of the item that has not been amortized is transferred to profit or loss in the current period.

Amortization period:

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

28. Goodwill

Goodwill is the excess of the cost of an equity investment or a business combination not under the same control over the share of the fair value of the identifiable net assets of the investee or purchaser acquired in the business combination at the date of acquisition or purchase.

Goodwill relating to subsidiaries is shown separately on the consolidated financial statements, and goodwill relating to associates and joint ventures is included in the book value of long-term equity investments.

29. Impairment of non-financial long-term assets

The Group examines long-term equity investments, fixed assets, construction in progress, and intangible assets with finite useful lives at each balance sheet date. It is shown that an asset may be impaired when the following indications exist and the Group will perform an impairment test. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the end of each year, regardless of whether there is an indication of impairment. If it is difficult to test the recoverable amount of an individual asset, the test is performed based on the asset group or portfolio of the asset group to which the asset belongs.

After the impairment test, if the book balance of the asset exceeds its recoverable amount, the difference is recognized as an impairment loss. Once an impairment loss is recognized for the above asset, it will not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher of the net amount of the asset's fair value less its disposal costs and the present value of the asset's estimated future cash flows.

Indications of impairment are as follows:

(1) A sharp decline in the market value of an asset in the current period, which is obviously higher than the decline that would be estimated due to the passage of time or normal use;

(2) The economic, technological or legal environment in which the enterprise operates and the market in which the asset is located has changed significantly in the current period or will change in the near future, which has an adverse effect on the enterprise;

(3) Market interest rates or other market rates of return on investments have increased in the current period, thereby affecting the discount rate at which the enterprise calculates the present value of the expected future cash flows of an asset, resulting in a significant reduction in assets' recoverable amount.

(4) There is evidence that an asset has become obsolete or its entity has been damaged.

(5) An asset has been or will be idle, discontinued or scheduled for early disposal.

(6) Evidence reported within the enterprise that the economic performance of an asset has been or will be lower than expected, such as the net cash flow generated or operating profit (or loss) realized from an asset is significantly lower (or higher) than the estimated amount.

(7) Other indications that an asset may have been impaired.

30. Contract liabilities

Contract liabilities reflect the Group's obligation to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Group has acquired the unconditional right to receive the contract

consideration before transferring the goods to the customer by the Group, a contract liability is recognized for the amount received or receivable at the earlier point of the actual payment or the amount due and payable by the customer.

31. Employee benefits

Employee benefits refer to the various forms of remuneration or compensation given by a Group for services rendered by an employee or for the dissolution of a labour relationship. Employee benefits include short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided by the Group to spouses, children, dependents, survivors of deceased employees and other beneficiaries are also part of the employee's benefits.

(1) Short-term remuneration is the employee benefits that are required to be paid by the Group in full within twelve months after the end of the annual report period in which the employees perform the relevant services, except for compensation for termination of the employment relationship with the employees. The Group's short-term remuneration includes: employee salaries, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance premiums, injury insurance premiums and maternity insurance premiums, housing fund, union funds and employee education funds, short-term paid absences, short-term profit-sharing schemes, non-monetary benefits and other short-term remuneration.

The Group recognizes the short-term remuneration actually incurred as a liability in the accounting period in which the services are rendered by the employees and recognizes it in profit or loss or the related cost of assets for the current period, depending on the beneficiary of the services rendered by the employees. Where short-term remuneration is a non-monetary benefit, it is measured at fair value.

(2) Post-employment benefits are all forms of remuneration and benefits, other than short-term remuneration and termination benefits, that are provided after the employee retires or dissolves his or her employment with the Group in order to obtain services provided by the employee. The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. (i)Defined contribution plan: A post-employment benefit plan in which The Group has no further obligation to pay after contributing a fixed fee to a separate fund. In the accounting period in which an employee provides services, including basic pension insurance, unemployment insurance, etc., the amount of contributions due under the defined contribution plan is recognized as a liability and included in current profit or loss or the cost of related assets. (ii)Defined benefit plan: A post-employment benefit plan other than a defined contribution plan.

(3) Termination benefits mean that the Group severs labor relations with an employee

before the expiration of the contract or proposes compensation to encourage the staff the accept downsizing voluntarily. Although the employees did not terminate the labor contract with the Group, they will no longer provide services for the Group in the future and they will not bring economic benefits to the Group, the Group promises to provide economic compensation that is, in essence, the termination benefits, such as the "early retirement", termination benefits should be paid to employees prior to the official retirement date, and post-employment benefits should be paid to employees after the official retirement date.

Where the Group provides termination benefits to employees, the employee compensation liabilities incurred by the termination benefits should be recognized and recorded into the profit or loss for the period when the Group cannot withdraw unilaterally the termination benefits provided for the termination plan of labor relations or cutback suggestions, or when the Group recognizes the cost related to reorganization involving the payment of termination benefits, whichever is earlier.

(4) Other long-term employee benefit refers to all employee compensation except short-term remuneration, post-employment benefits and termination benefits, including long-term paid absences, long-term disability benefits, long-term profit-sharing plans, etc.

Accounting treatment should be conducted on other long-term employee benefits provided to employees by the Group according to relevant provisions of the defined contribution plans if such plans are confirmed. When other long-term employee benefits provided to employees by the Group conform to the defined contribution plans, the Group shall account for it according to relevant provisions of such plan; but remeasure the change arising from the net liabilities or net assets of other long-term employee benefits. The total net amount should be included in the profit or loss for the period or relevant asset cost.

32. Share-based payment

Share-based payments are transactions in which equity instruments are granted or liabilities determined based on equity instruments are assumed in order to obtain services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share payments made in exchange for services rendered by the employees are measured at the fair value of equity instruments granted to the employees at the grant date. The amount of this fair value is included in the related costs or expenses on a straight-line basis during the waiting period based on the best estimate of the number of available equity instruments, with a corresponding increase in capital reserves, if the services are completed during the waiting period or if the required performance conditions are met before the right is granted.

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Group that are determined based on shares or other equity instruments. If the right is granted immediately, the related costs or expenses are recognized at the fair value of the liability assumed at the date of grant, increasing the liability accordingly; If the right is required to complete services during the waiting period or to meet specified performance conditions, at each balance sheet date in the waiting period, services acquired in the current period are charged to cost or expense and the liability is adjusted accordingly, based on the best estimate of the availability of the right, to the fair value of the liability assumed by the Group.

The fair value of the liability is remeasured at each balance sheet date and the balance sheet date prior to the settlement of the related liability, and the change is recognized in profit or loss for the period.

33. Bonds payable

The Group's bonds payable are measured initially at their fair value, and the related transaction costs are included in the initial recognition amount, subsequently measured at amortized cost.

The difference between the bonds' price paid and its total face value, as a premium or discount to the bonds, is amortized over the duration of the bonds at the effective interest rate method while interest is accrued and is treated in accordance with the treatment of borrowing costs.

34. Provisions

The Group recognizes a liability for operations related to contingent matters such as external guarantees, discounting of commercial promissory notes, pending litigation or arbitration, product quality assurance, etc., when the following conditions are met: the obligation is a present obligation of the Group; it is probable that performance of the obligation will result in an outflow of economic benefits from the enterprise; and the amount of the obligation can be measured reliably.

The provisions are initially measured on the basis of the best estimate of the expenditure required to meet the related current obligation, taking into account factors such as risk, uncertainty and time value in money, which are related to contingencies. Where the time value of money is significant, the best estimate is determined by discounting the related future cash outflows. The book value of the provision is reviewed at each balance sheet date and adjusted, if changed, to reflect the current best estimate.

35. General risk reserves

The subsidiary of the Group, Yuekai Securities Co., Ltd., Guangzhou Get Financing& Guarantee Co., Ltd., sets aside general risk reserves and transaction risk reserves respectively at 10% of the net profit in the current year.

36. Other financial instruments such as preference shares, perpetual bonds, etc.

The Group classifies the preference shares and perpetual bonds conforming to the equity instrument as equity instruments and the rest as financial liabilities. For the relevant accounting policies, please refer to "Note IV. 10. (6) Distinction between financial liabilities and equity instruments and related treatment".

Preferred stocks and perpetual bonds classified as debt instruments are initially measured at their fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method, with interest expense or dividend distribution treated as borrowing costs and gains or losses on repurchases or redemptions recognized in profit or loss.

Preference shares and perpetual bonds, which are equity instruments, are issued at consideration received less transaction costs to increase the owner's equity, and their interest expense or dividend distribution is treated as profit distribution, and repurchases or cancellations are treated as changes in equity.

37. Revenue

(1) Accounting policies used for revenue recognition and measurement

Revenue is recognized when the customer obtains control of the relevant goods if both of the following conditions are met: the parties to the contract have approved the contract and committed to performing their respective obligations; the contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or services rendered; the contract has clear payment terms in relation to the goods transferred; the contract has commercial substance, i.e., the performance of the contract will change the Group's the risk, timing distribution or amount of future cash flows; and it is probable that the Group will recover the consideration to which it is entitled as a result of the transfer of goods to the customer.

At the contract commencement date, the Group identifies each individual performance obligation existing in the contract and apportions the transaction price to each individual performance obligation in proportion to the relative share of the individual selling price of the goods committed to each individual performance obligation. The impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in a contract, the Group recognizes the transaction price apportioned to that individual performance obligation as revenue in accordance with the progress of performance during the relevant performance period if one of the following conditions is met: the customer obtains and consumes the economic benefits from the Group's performance at the same time as the Group's performance; the customer has control over the goods under construction in the course of the Group's performance; the goods produced in the course of the Group's performance The goods produced in the course of the Group's performance have irreplaceable uses and the Group is entitled to receive payments for the cumulative portion of performance completed to date throughout the contract period. The progress of performance is determined using the input method or output method depending on the nature of the commodities transferred. When the progress of performance cannot be reasonably determined, the Group recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be compensated.

If one of the above conditions is not met, the Group recognizes revenue at the point at which the customer obtains control of the relevant commodity over the transaction price apportioned to that single performance obligation. In determining whether the customer has acquired control of the commodity, the Group considers the following indications: the enterprise has a present right to receive payment for the commodity, i.e. the customer has a present obligation to pay for the commodity; the enterprise has transferred legal title to the commodity to the customer, i.e. the customer has legal title to the commodity; the enterprise has physically transferred the commodity to the customer, i.e. the customer has taken physical possession of the commodity; the enterprise has transferred ownership of the commodity to the customer the enterprise has transferred to the customer the principal risks and rewards of ownership of the merchandise, i.e., the customer has acquired the principal risks and rewards of ownership of the merchandise; the customer has accepted the merchandise; and other indications that the customer has acquired control of the merchandise.

(2) Group-specific business revenue recognition method

The Group's main business involves the sale of electricity and heat, real estate development and sales, sales of FGD business products, in vitro diagnostic reagents, instruments and other products, sales of reagents, instrument merchandise sales, property service income, property additional service income, and leasing income.

1) Revenue recognition method for electricity and heat sales: The revenue from electricity sales for the month is recognized based on the confirmed number of meter readings by both the Group and the power supply bureau at 24:00 at the end of each month. The meter reading method is based on the power supply bureau's electric energy telemetry system, and if

there is any problem with the system, the meter reading on-site shall prevail, and the Group shall confirm the electricity sales of the previous month on the first day of each month.

2) The revenue recognition method of real estate sales: the development products are completed and meet the delivery conditions agreed in the contract, and revenue is recognized after delivery to customers for sign-off.

3) Revenue recognition for desulfurization business: Sales of slaked lime, stone powder and light calcium carbonate have transferred the major risks and rewards of ownership of the goods to the purchaser, and revenue is recognized upon receipt confirmation by the other party.

4) 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 reagents and instruments goods are performance obligations that are fulfilled at a certain point in time, and the Group recognizes revenue realization at that point in time 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, obtained the bill of lading, and the amount of revenue from the sale of the products has been determined, 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.

5) Income from handling charges and commissions

The amount of income from handling charges and commissions 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 income from handling charges and commissions 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 fulfills its performance 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 when the Group fulfills its performance obligations, uses the revenue calculation method agreed in accordance with the contract or agreement and when it is probable that no material reversal of the cumulative amount of revenue recognized will occur.

6) 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.

7) Property service income: The Group recognizes property management income on an accrual basis. At the end of each month, the Group 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.

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

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 Group 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: Escrow management fee income is recognized monthly based on the contract and collection of property assets held on behalf of customers.

9) Lease income: The Group subleases assets to lessees and recognizes income monthly as agreed in the lease contracts.

10) High-end equipment manufacturing income-specific recognition method

Domestic sales income: The Company completes the production of the whole tower, 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).

Export sales income: The point of revenue recognition is based on the completion of the export declaration of goods and the obtaining of export customs declaration.

38. Contract cost

(1) Method of determining the amount of assets related to contract costs

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance costs, which are costs incurred by the Group to perform a contract that is not regulated by other ASBEs and that also meet the following conditions, are recognized as a contract performance cost as an asset: the cost is directly attributable to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely in connection with that contract; the cost increases the Group's future resources available to meet its performance obligations; and the cost is expected to be recovered.

Contract acquisition costs, which are incremental costs incurred by the Group to obtain a contract that is expected to be recovered, are recognized as contract acquisition costs as an asset; if the asset is amortized over a period of not more than one year, it is recognized in profit or loss as incurred. Incremental costs are costs that the Group would not have incurred without obtaining the contract (e.g., sales commissions, etc.). Expenses incurred by the Group to obtain a contract other than incremental costs that are expected to be recovered (such as travel expenses that would have been incurred regardless of whether the contract was obtained) are recognized in profit or loss as incurred, except for those explicitly borne by the customer.

(2) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortized to current profit or loss using the same basis as the revenue recognition of the commodity to which the asset relates.

(3) Impairment of assets related to contract costs

In determining impairment losses on assets related to contract costs, the Group first determines impairment losses on other assets related to contracts recognized in accordance with other relevant ASBEs; then, based on the difference between the book value of the asset and the remaining consideration that the Group expects to obtain for the transfer of the

commodity-related to the asset and the estimated costs to be incurred for the transfer of the related commodity, the excess should be provided for impairment and recognized as an asset impairment loss.

If there is a subsequent change in the factors for impairment in previous periods, such that the aforementioned difference is higher than the book balance of the asset, the original provision for impairment is reversed and recognized in profit or loss, but the book balance of the reversed asset should not exceed the book balance of the asset at the date of reversal assuming no provision for impairment was made.

39. Government grants

Government grants are monetary or non-monetary assets acquired by the Group from the government without compensation. Government grants are recognized when the Group is able to meet the conditions attached to them and when they can be received.

Government grants are measured at the amount actually received or receivable if the grants are monetary assets. Government grants are measured at fair value if they are non-monetary assets, or at a nominal amount (RMB 1) if the fair value cannot be reliably obtained.

The Group's government grants are classified as asset-related government grants and revenue-related government grants. Asset-related government grants refer to those obtained by the Group for the acquisition and construction or other formation of long-term assets; revenue-related government grants refer to those other than asset-related government grants. If the target of a government grant is not specified in government documents, the Group makes a judgment on the basis of the basic conditions that must be met in order to obtain the grant, and those that are based on the basic conditions of acquiring, constructing or otherwise forming a long-lived asset are treated as asset-related government grants, and if it is difficult to distinguish them from each other, the whole is categorized as revenue-related government grants.

Asset-related government grants are offset against the book value of the related assets; or are recognized as deferred income and phased into profit or loss over the useful lives of the related assets in a rational and systematic manner (except for government grants measured at nominal amounts, which are recognized directly in current profit or loss). If the related assets are sold, transferred, retired or destroyed before the end of their useful lives, the balance of the related deferred income that has not yet been allocated is transferred to profit or loss in the period in which the assets are disposed of.

Revenue-related government grants that are used to compensate for related costs and expenses or losses in subsequent periods are recognized as deferred revenue and charged to current profit or loss or written down to related costs in the period in which the related costs

and expenses or losses are recognized; those used to compensate for related costs and expenses or losses already incurred are charged directly to current profit or loss or written down to related costs. Government grants related to ordinary activities are charged to other income or offset against the related costs and expenses, depending on the substance of the economic operations. Government grants that are not related to ordinary activities are included in non-operating income and expenses.

When the Group obtains policy-based preferential loan subsidies, based on whether the subsidies are allocated to the lending banks or the Group, the Group accounts for them in accordance with the following principles:

(1) If the interest subsidies are allocated to the lending bank and the lending bank provides a loan to the Group at a policy-based preferential interest rate, the Group uses the actual amount received as the recorded value of the borrowings and calculates the related borrowing costs based on the principal amount of the borrowings and the policy-based preferential interest rate (or uses the fair value of the borrowings as the recorded value of the borrowings and calculates the borrowing costs based on the effective interest rate method, and the difference between the actual amount received and the fair value of the borrowing is recognized as deferred revenue. The deferred income is amortized over the life of the borrowing using the effective interest rate method and is offset against related borrowing costs).

(2) If the interest subsidies are allocated directly to the Group, the Group offsets the interest subsidies against the relevant borrowing costs.

The Group's recognized government grants that are required to be returned are accounted for in the current period in which they are required in accordance with the following provisions:

1) Where the book balance of the underlying asset is reduced on initial recognition, the book balance of the asset is adjusted.

2) Where there is a related deferred income, the book balance of the related deferred income is reduced and the excess is recognized in profit or loss in the current period.

3) In other cases, it is recognized directly in profit or loss for the current period.

40. Deferred tax assets and deferred tax liabilities

The Group's deferred tax assets and deferred tax liabilities are recognized on the basis of the difference between the tax bases of assets and liabilities and their book values (temporary difference). For deductible losses and tax credits that can be offset against taxable income in subsequent years in accordance with the tax law, a corresponding deferred tax asset is recognized. For temporary differences arising from the initial recognition of goodwill, no corresponding deferred tax liabilities are recognized. For temporary differences resulting from

the initial recognition of assets or liabilities arising from transactions that neither affect accounting profit nor taxable income (or deductible losses) in a non-business combination, the corresponding deferred tax assets and deferred tax liabilities are not recognized. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the assets are recovered or the liabilities are settled.

The Group recognizes deferred tax assets arising from deductible temporary differences based on the taxable income used to offset deductible temporary differences that the Group is likely to receive.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and joint ventures, unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and joint ventures if the temporary differences are likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

The book value of deferred tax assets recognized should be written down when it is probable that sufficient taxable income will not be available to offset the deferred tax assets in future periods. The write-downs are reversed when it is probable that sufficient taxable income will be available.

41. Lease

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time in return for consideration. On the commencement date of the contract, the Group shall assess whether the contract is a lease or contains a lease. A contract is leased or contains a lease if a party to the contract assigns the right to control the use of one or more identified assets for a certain period of time in exchange for consideration. In order to determine whether the contract conveyed the right to control the use of the identified assets for a certain period of time, the Group shall assess whether the customer in the contract is entitled to almost all of the economic benefits arising from the use of the identified asset during the period of use and is entitled to dominate the use of the identified asset during that period of use.

If a contract contains several separate leases at the same time, the Group splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the Group, as the lessor, splits the lease and non-lease components and accounts for them separately, with each lease component being accounted for in accordance with the leasing standards and the non-lease component being accounted for in accordance with other applicable accounting standards for enterprises; and the Group, as the lessee, chooses not to split the lease and non-lease components, and combines each lease component and the non-

lease component related to it into a lease separately and accounts for them in accordance with the leasing standards. However, if the contract includes embedded derivatives that should be spun off, the Group does not consolidate them with the lease component for accounting purposes.

(1) As a lessee

Right-of-use assets and lease liabilities are recognized against the lease at the commencement date of the lease term.

Right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, the lease payments made on or before the commencement date of the lease (net of amounts related to lease incentives received), the initial direct costs incurred and the costs expected to be incurred to disassemble and remove the leased asset, restore the site where the leased asset is located or restore the leased asset to its agreed condition under the terms of the lease. The Group depreciates right-of-use assets using the straight-line method. Where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the leased asset over its remaining useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date of the lease term, with the discount rate being the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the Group uses the incremental borrowing rate as the discount rate. Lease payments, which are payments made by the lessee to the lessor in connection with the right to use the leased asset during the term of the lease, including: fixed payments and substantially fixed payments (net of the amount related to the lease incentives, if any); variable lease payments that depend on an index or ratio (which are determined at initial measurement based on the index or ratio as of the date of the commencement of the lease term); the exercise price of the purchase option (provided that the lessee is reasonably certain that the option will be exercised); amounts payable upon exercise of the option to terminate the lease (provided that the lease term reflects that the lessee will exercise the option to terminate the lease); and amounts expected to be payable based on the guaranteed residual value provided by the lessee.

The Group calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is charged to current profit or loss or the cost of the related asset. Variable lease payments that are not included in the measurement of the lease liability are charged to current profit or loss or the cost of the related assets when they are actually incurred.

After the start date of the lease term, the Group re-determines the lease payment amount and re-measures the lease liability at the present value calculated based on the changed lease payment amount and the revised discount rate if the following circumstances occur: a change in the evaluation of the purchase option, lease renewal option or lease termination option, a change in the lease term due to the actual exercise of the lease renewal option or lease termination option that is inconsistent with the original evaluation.

When the lease liability is remeasured, the Group adjusts the book balance of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognizes the remaining amount in profit or loss for the current period.

The Group has determined not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and leases of low-value assets, and to recognize the related lease payments in profit or loss or the cost of the related assets on a straight-line basis over the respective periods of the lease term.

(2) As a lessor

At the start date of the lease, the Group classifies leases as finance leases and operating leases. Finance leases are leases that substantially transfer all the risks and rewards associated with ownership of the leased assets, regardless of whether ownership is ultimately transferred. Operating leases are leases other than finance leases.

When the Group acts as a sublease lessor, it classifies the sublease based on the right-of-use asset arising from the original lease, rather than the underlying asset of the original lease. If the original lease is a short-term lease and the Group chooses to apply the simplified treatment of short-term leases described above to the original lease, the Group classifies the sublease as an operating lease.

Under finance leases, the Group recognizes finance lease receivables for finance leases and derecognizes finance lease assets at the commencement date of the lease term. When the Group makes an initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the beginning of the lease term discounted at the interest rate implicit in the lease. The lease receipt amount, which is the amount receivable by the lessor from the lessee for ceding the right to use the leased asset during the lease term, includes: the amount of fixed payments to be paid by the lessee and the amount of substantive fixed payments; if there is a lease incentive, the amount related to the lease incentive is deducted; the amount of variable lease payments depending on an index or rate, which is determined at the time of initial measurement based on the index or rate at the start date of the lease term; the exercise price of the purchase option,

provided that it is reasonably certain that the lessee will exercise the option; the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; and the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee, and an independent third party with the financial ability to meet the guarantee obligation.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments not included in the measurement of the net amount of lease investments are recognized in profit or loss when they are actually incurred.

Under operating leases, the Group recognizes the collected amount of lease from operating leases as rental income using the straight-line method (or other systematic and reasonable methods) over the respective periods of the lease term. Initial direct costs related to operating leases are capitalized and amortized to current profit or loss over the lease term on the same basis as rental income is recognized. Variable lease payments not included in the collected amount of the lease are recognized in profit or loss when they are actually incurred.

42. Held for sale

(1) The Group classifies non-current assets or disposal groups as held for sale if they are also: 1) immediately available for sale in their current condition in accordance with the practice of selling such assets or disposal groups in similar transactions; and 2) highly probable that a sale will occur, i.e., a resolution has been made on a plan of sale and a firm purchase commitment has been obtained and the sale is expected to be completed within one year. The relevant regulations require the approval of the relevant authority or regulatory authority before the sale can take place. The Group measures the book value of each asset and liability in a non-current asset or disposal group in accordance with the relevant accounting standards before it is first classified as held for sale. If the book value of a non-current asset or disposal group held for sale is initially measured or re-measured at the balance sheet date and the book value is greater than fair value less costs to sell, the book value is reduced to fair value less costs to sell, and the amount of the reduction is recognized as an impairment loss on the asset and recognized in profit or loss for the current period, with a provision for impairment of Held-for-sale assets.

(2) Non-current assets or disposal groups acquired by the Group specifically for resale are classified as held for sale at the date of acquisition if they meet the condition that "the sale is expected to be completed within one year" at the date of acquisition and if they are likely to meet other classification conditions for the held for sale category within a short period of time (usually three months). In the initial measurement, the comparison assumes that it is the lower of the initial measurement amount that would not have been classified as the category held for sale or the net of fair value less costs to sell. Except for non-current assets or disposal groups

acquired in a business combination, differences arising from the initial measurement of non-current assets or disposal groups at fair value less costs to sell, net, are recognized in profit or loss in the current period.

(3) If the Group loses control of a subsidiary as a result of the sale of its investment in the subsidiary, regardless of whether the Group retains part of its equity investment after the sale, the Group will classify its investment in the subsidiary as a whole as held for sale in the parent Group's individual financial statements and all assets and liabilities of the subsidiary as held for sale in the consolidated financial statements when the investment in the subsidiary to be sold meets the criteria for classification as held for sale.

(4) Any increase in the net fair value of non-current Held-for-sale assets less costs to sell at the subsequent balance sheet date shall be restored to the amount previously written down and reversed within the amount of the impairment loss recognized on the assets classified as held for sale, with the reversed amount recognized in profit or loss for the current period. Impairment losses recognized before the classification of Held-for-sale assets are not reversed.

(5) Impairment losses recognized on Held-for-sale assets in the disposal group are offset against the book value of goodwill in the disposal group and then proportionately offset against the book value of each non-current asset based on its proportionate share of the book value.

Where the fair value of the disposal group held for sale at the subsequent balance sheet date, less costs to sell, increases on a net basis, the amount previously written down should be restored and reversed to the extent of impairment losses recognized on assets classified as non-current assets after the relevant measurement requirements have been applied, and the reversed amount is recognized in profit or loss in the current period. The book value of goodwill that has been eliminated and impairment losses on assets recognized before the classification of non-current assets as held for sale are not reversed.

Impairment losses recognized in the disposal group held for sale are subsequently reversed and the book value of each non-current asset, other than goodwill, is increased proportionately to its share of the book value of the disposal group.

(6) Non-current Held-for-sale assets or disposal groups are not depreciated or amortized, and interest and other charges on liabilities held for sale in disposal groups continue to be recognized.

(7) Non-current Held-for-sale assets or disposal groups that are no longer classified as held for sale because they no longer meet the criteria for classification as held for sale or are removed from disposal groups held for sale are measured at the lower of: 1) their book value before classification as held for sale, adjusted for depreciation, amortization or impairment that would have been recognized had they not been classified as held for sale; and 2) recoverable amounts.

(8) Upon derecognition of non-current held-for-sale assets or disposal groups, unrecognized gains or losses are recognized in profit or loss in the current period.

43. Fair value measurements

(1) Initial measurement of fair value

The Group measures the fair value of assets and liabilities measured at fair value, taking into account the characteristics of the asset or liability, using the price that would be paid by market participants to sell an asset or transfer a liability in an orderly transaction that would occur on the measurement date. When the underlying asset or liability is measured at fair value, a sale of the asset or transfer of the liability by a market participant at the measurement date is an orderly transaction under current market conditions; an orderly transaction to sell the asset or transfer the liability takes place in the primary market for the underlying asset or liability. Where no primary market exists, the transaction is assumed to take place in the most advantageous market for the underlying asset or liability; the assumptions used by market participants in pricing the asset or liability to maximize its economic benefits are used. When measuring non-financial assets at fair value, the ability of a market participant to put the asset to its best use to generate an economic benefit, or to sell the asset to another market participant that is able to put it to its best use, is considered.

(2) Valuation techniques

The Group measures the underlying asset or liability at fair value using valuation techniques that are applicable in the current circumstances and are supported by sufficient available data and other information, primarily the market, income and cost method, with the relevant observable inputs being used in preference to unobservable inputs when applying the valuation techniques and only when the relevant observable inputs are not available or practicable to obtain.

(3) Fair value hierarchy

The Group determines the level of fair value measurement results based on the lowest level of inputs that are significant to the fair value measurement as a whole: the first level of inputs is unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date. An active market is one in which the underlying asset or liability is traded in sufficient volume and frequency to provide pricing information on an ongoing basis. Level 2 inputs are inputs that are directly or indirectly observable for the underlying asset or liability in addition to the level 1 input. The third level of input is the unobservable input of the underlying asset or liability.

44. Accounting treatment of transfers of financial assets and securitization of non-financial assets

When a transfer of a financial asset occurs, it is judged on the basis of the transfer of substantially all the risks and rewards of ownership of the relevant financial asset: the corresponding financial asset is derecognized if it has been transferred in full; if it has not been transferred and substantially all the risks and rewards of ownership of the relevant financial asset have been retained, it is not derecognized; if it has neither transferred nor retained substantially all the risks and rewards of ownership of the relevant financial asset, derecognition is determined on the basis of the extent to which control over the financial asset is involved: if control over the financial asset is relinquished, the financial asset is derecognized; if control over the financial asset is not relinquished, the relevant financial asset is recognized to the extent of its continued involvement in the financial asset and the related liability is recognized accordingly. If a financial asset meets the conditions for derecognition of a partial transfer, the difference between the consideration received for the transfer and the corresponding book value is included in the current profit or loss, and the cumulative change in the fair value of the financial asset directly attributable to the owner's interest is also transferred to current profit or loss; if the conditions for derecognition of a partial transfer are met, the book value of the entire financial asset involved in the transfer is apportioned between the derecognized portion and the non-derecognized portion according to their respective relative fair values, and the apportioned book value is treated on the basis of the entire transfer against the portion of the partial transfer. If the conditions for derecognition are not met, the consideration received is recognized as a financial liability.

45. Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale and is separately identifiable and satisfies one of the following conditions: (1) It represents a separate major line of business or geographical area of operations; (2) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; (3) It is a subsidiary acquired exclusively with a view to resale.

46. Safety production expenses

The Group provisions and uses safety production expenses in accordance with the notice of Measures for the Management of the *Extraction and Use of Enterprise Safety Production Expenses Caiqi [2012] No. 16* issued by the Administration of Work Safety of the Ministry of Finance, with an accrual basis of the actual operating revenue of the previous year based on the standard stipulated in such measures. The safety production expense is charged to the cost of relevant products or current profit and loss when it is extracted, and is also included in the "special reserve" account.

When the extracted safety production expense is used in accordance with the regulated scope, it belongs to an expense expenditure and directly is reduced to a special reserve; if it

forms fixed assets, the expenses incurred are first collected through the "construction in progress" account and recognized as fixed assets when the safety project is completed and reaches its intended useable state; at the same time, the special reserve is reduced according to the cost of forming fixed assets, and the same amount of accumulated depreciation is recognized. The fixed assets are not depreciated in subsequent periods.

47. Other significant accounting policy and accounting estimates

Accounting methods related to repurchasing shares: If the Group's shares are acquired due to the reduction of registered capital or rewards for employees, etc., the amount actually paid shall be treated as treasury shares and registered simultaneously. If the shares repurchased are written off, the difference between the total face value of the shares calculated by the face value of the write-off shares and the number of write-off shares and the amount paid by the actual repurchase will be reduced against the capital reserve. If the capital reserve is insufficient, the amount will be reduced the reducing retained earnings. If the shares repurchased are awarded to the employees of the Group, the share belongs to equity-settled share-based payments. When the Group receive the amount of the employee purchase shares, the resale amount of the treasury shares paid to the employee and the accumulated amount of the capital reserve (other capital serves) during the waiting period, and the capital reserve (equity premium) is adjusted according to the difference.

V. Statement of accounting policies and changes in accounting estimates and corrections of errors

1. Changes in accounting policies and their impact

The Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretotion No. 16* on November 30th, 2022. Enterprises required to implement the *Accounting Standards for Business Enterprises Interpretation* are required to implement significant accounting policy changes from January 1st, 2023, which the Group has implemented since the date of the requirement.

The effect of the implementation of the above changes in accounting policy on the financial statements is shown in the table below:

(1) Effect on consolidated statements

1) Consolidated Balance Sheet

Item	December 31st, 2022 (before changes)	The amount affected	January 1st, 2023 (after changes)
Deferred tax assets	1,130,812,287.36	194,374,425.95	1,325,186,713.31
Total assets	**130,653,460,078.74**	**194,374,425.95**	**130,847,834,504.69**
Deferred tax liabilities	1,210,922,666.70	194,141,380.65	1,405,064,047.35
Total liabilities	**83,959,636,256.85**	**194,141,380.65**	**84,153,777,637.50**

Item	December 31st, 2022 (before changes)	The amount affected	January 1st, 2023 (after changes)
Undistributed profits	1,488,304,408.67	172,733.18	1,488,477,141.85
Total owners' (or shareholders') equity attributable to the parent company	**23,320,634,119.72**	**172,733.18**	**23,320,806,852.90**
Non-controlling interests	23,373,189,702.17	60,312.12	23,373,250,014.29
Total owners' (or shareholders') equity	**46,693,823,821.89**	**233,045.30**	**46,694,056,867.19**

2) Consolidated Income Statement

Item	FY 2022 (before changes)	The amount affected	FY 2022 (after changes)
Income tax expenses	67,136,784.36	100,853.26	67,237,637.62
Net profits	**-971,280,452.12**	**-100,853.26**	**-971,381,305.38**
Net profit attributable to parent company	-1,353,241,102.99	-117,760.59	-1,353,358,863.58
Gains or losses on non-controlling interests	**381,960,650.87**	**16,907.33**	**381,977,558.20**

(2) Effect on the parent company statements

None.

2. Changes in accounting estimates and their impact

None.

3. Correction of significant prior period errors and their impact

None.

VI. Taxes

1. Main tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	Taxable income is subject to VAT at the applicable rate of tax on the difference between the deductions for input tax, etc., allowed against the current period	2%,3%,5%,6%,9%,13%
City maintenance and construction tax	According to the turnover tax payable	7%,5%
Education surcharge	According to the turnover tax payable	3%
Local education supplement	According to the turnover tax payable	2%
corporate income tax	Based on taxable income	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)	3/㎡,6/㎡
Property tax	Rental income or original value of property	12%,1.2%

2. Tax incentives and approvals