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1. General

1.1 To define the procedures for recognizing and handling asset losses of International Djibouti Industrial Park Operation FZCO (hereinafter referred to as "IDIPO" or "the Company"), safeguard the Company's rights and interests, and in accordance with relevant regulations, requirements of the parent company, and IDIPO's management practices, these Provisions are hereby promulgated..

1.2 These Provisions apply to IDIPO. Companies under its entrusted management may refer to and implement these Provisions accordingly.

1.3 The term "asset losses" as used in these Provisions refers to the actual destruction or loss of various assets of the Company, including but not limited to: monetary fund losses, bad debt losses, inventory losses, fixed asset and construction-in-progress losses, investment property losses, intangible asset losses, equity or debt investment losses, goodwill losses, etc.

In handling asset losses, each company shall strengthen controls over at least the following key aspects or critical procedures:

1.3.1 Criteria for confirming asset losses;

1.3.2 Authorities and procedures for handling asset losses;

1.3.3 Accounting treatment of asset losses;

1.3.4 Accountability for asset losses.

1.4 The Company shall enhance awareness of asset management responsibility, improve management practices based on its actual conditions, clarify divisions of responsibilities, formulate corresponding management measures, and strive to prevent and reduce asset losses.

2. CONFIRMATION OF ASSET LOSSES

2.1 The Company shall obtain legitimate evidence capable of proving the authenticity of asset losses based on thorough verification and investigation of such losses. Such evidence specifically includes:

2.1.1 Legally effective written documents issued by judicial organs, public security authorities, government administrative departments, or professional technical appraisal institutions related to the Company's asset losses, including but not limited to: effective legal instruments issued by judicial organs, arbitration bodies, or administrative authorities, and proof of completion or termination of enforcement; case closure certificates or replies from public security authorities; cancellation, revocation, or cessation of business certificates issued by industry and commerce authorities; bankruptcy liquidation announcements and settlement documents of enterprises; official government documents or expressly prohibited directives; appraisal reports issued by state-authorized professional technical appraisal departments; loss investigation forms or claims settlement documents issued by insurance companies for insured assets; and other legally admissible evidence.

2.1.2 Specialized economic appraisal certificates or opinions issued by social intermediary agencies such as accounting firms, asset appraisal institutions, or law firms regarding matters closely related to the Company's asset losses;

2.1.3 Internal accounting records, supporting materials, or appraisal opinions related to specific asset loss matters, including but not limited to: accounting documents and original vouchers, asset inventory records, business contracts for relevant economic activities; appraisal documents or materials issued by the Company's internal technical appraisal team or specialized departments (for significant asset losses with substantial impact, industry experts shall be engaged to participate in technical appraisal and verification); internal approval documents and explanatory statements; and for losses caused by operational management failures, statements confirming the responsible personnel's liability and compensation details.

2.1.4 Other legitimate supporting materials that can confirm asset losses.

2.2 Based on the evidence specified in these Provisions, asset losses shall be confirmed according to the asset's book value, actual recovery amount, and disposal costs (for physical assets). The actual recovery amount includes but is not limited to: disposal proceeds, debtor repayments, insurance or guarantee compensations, compensations from liable parties, etc.

3. Authority and Procedures for Handling Asset Losses

3.1 The company's asset management department shall conduct a comprehensive inventory and verification of the company's managed assets annually. It shall summarize the asset losses incurred during the current year along with relevant supporting documents and produce an internal special analysis report. This facilitates the reporting, approval, and archiving for future reference of asset loss management.

3.2 When the company incurs asset losses, they shall be handled according to the following procedures:

3.2.1 The relevant internal responsible department(s) shall investigate, gather evidence, review the matter, and submit a report detailing the cause(s) and facts of the asset loss.

3.2.2 The company's asset management department shall investigate accountability, determine responsibility, and propose handling opinions.

3.2.3 The company's finance department shall review and consolidate the above information, propose financial handling opinions for the asset loss, and submit them to the company's designated leadership for review. Following this, the matter shall be submitted to the General Manager's Office Meeting or the Board of Directors for approval.

3.2.4 Additionally, individual asset losses amounting to RMB 500,000 (or equivalent in foreign currency) or more shall be submitted to the General Manager's Office Meeting (or the Board of Directors) for approval.

4. Accounting Treatment of Asset Losses

4.1 The company must make adequate provisions for various asset impairment reserves in accordance with the regulations stipulated by its superior management company.

5. Accountability for Asset Losses

5.1 The company shall investigate and determine responsibility for all identified asset losses and issue opinions on accountability handling. For asset losses caused by illegal activities, regulatory violations, or management negligence, the directly responsible managers and other directly responsible personnel shall be dealt with accordingly. If criminal conduct is suspected, the case shall be transferred to judicial authorities for legal prosecution. For personnel involved in the company's own operations management, accountability determination and pursuit shall be conducted for the relevant responsible parties in accordance with the parent company's relevant regulations..

5.2 Failure to account for, recognize, process, or disclose the company's asset losses in accordance with Accounting Standards and these regulations, resulting in significant discrepancies between book and actual figures or severe distortion of accounting information, shall result in accountability for the relevant personnel.

6. Supplementary Provisions

6.1 These regulations shall come into effect as of the date of promulgation.