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*The material contained in this announcement is not for distribution or circulation, directly or indirectly, in or into the United States. This announcement is solely for the purpose of reference and does not constitute or form a part of an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds (as defined below) are being offered and sold only outside the United States in offshore transaction in compliance with Regulation S under the Securities Act.*

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

## **PUBLICATION OF THE EXCHANGE OFFER MEMORANDUM**

### **New Momentum International Limited**

*(incorporated with limited liability in the British Virgin Islands)*

**(the “Issuer”)**

**U.S.\$87,600,000 8.50 per cent. Guaranteed Bonds due 2025**

**(the “Bonds”, Stock Code: 5037)**



**Unconditionally and Irrevocably Guaranteed by**

**Goho Asset Management Co., Ltd.**

**(國厚資產管理股份有限公司)**

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

**(the “Guarantor”)**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Please refer to the exchange offer memorandum dated 12 June 2024 and the restated supplemental exchange offer memorandum dated 19 June 2024 (the “**Restated Supplemental Exchange Offer Memorandum**”, and together with the exchange offer memorandum dated 12 June 2024, the “**Exchange Offer Memorandum**”), each appended hereto in relation to the Bonds. As disclosed in the Exchange Offer Memorandum, the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Exchange Offer Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong SAR, 24 June 2024

*As at the date of this announcement, the sole director of the Issuer is Mr. Sheng Pengcheng. As at the date of this announcement, the directors of the Guarantor are Mr. Li Houwen, Mr. Shu Zhibin, Ms. Xie Zheng, Mr. Li Shuangquan, Mr. Xu Jinliu, Mr. Zhu Junjun, Ms. Xu Shuping, Mr. Wang Kai and Mr. Jiang Tengfei.*

## **Appendix – Exchange Offer Memorandum**

## IMPORTANT NOTICE

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) OR IN OR INTO THE UNITED STATES OR TO ANY PERSON LOCATED OR RESIDENT IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.**

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the attached document (the “Exchange Offer Memorandum”) following this page. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Exchange Offer Memorandum. In accessing the Exchange Offer Memorandum, you agree to be bound by the following terms and conditions including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** You have accessed the Exchange Offer Memorandum on the basis that you have confirmed your representation to Haitong International Securities Company Limited (the “Dealer Manager”) that (1) that you are a holder of or are a custodian or intermediary acting on behalf of the beneficial owner of the 8.50 per cent. guaranteed bonds due 2024 (the “Existing Bonds”) issued by New Momentum International Limited (the “Issuer”) and unconditionally and irrevocably guaranteed by the Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司) (the “Guarantor”), (2) you are or are acting for the account or benefit of a non-U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”)) outside the United States and to the extent you participate in the Exchange Offer as described in the Exchange Offer Memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (3) that you consent to delivery of the Exchange Offer Memorandum and any amendments or supplements thereto by electronic transmission.

**YOU SHOULD READ THE EXCHANGE OFFER MEMORANDUM CAREFULLY BEFORE MAKING A DECISION WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER, AND ANY SUCH DECISION SHOULD BE MADE SOLELY ON THE INFORMATION CONTAINED. UPON YOUR PARTICIPATION IN THE EXCHANGE OFFER, YOU WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED TO THE ISSUER, THE GUARANTOR AND THE DEALER MANAGER THE REPRESENTATIONS AS SET FORTH THEREIN.**

The Exchange Offer Memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Dealer Manager or any person who controls it or any of its directors, employees representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

**THE SECURITIES DESCRIBED THEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Except with respect to eligible investors in jurisdictions where such exchange offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or to the Dealer Manager to subscribe for or purchase any of the securities described therein and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer Manager or any of their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be described to be made by the Dealer manager or their affiliates on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the Exchange Offer Memorandum on the basis that you are a person into whose possession such Exchange Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver such Exchange Offer Memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

**Actions That You May Not Take:** You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE EXCHANGE OFFER MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH EXCHANGE OFFER MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE EXCHANGE OFFER MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** Your use of this electronic communication is at your own risk. It is your responsibility to take precautions to ensure that this electronic communication is free from viruses and other items of a destructive nature.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION TO ANY U.S. PERSON OR IN OR INTO THE UNITED STATES OF AMERICA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS EXCHANGE OFFER MEMORANDUM

## EXCHANGE OFFER MEMORANDUM

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION

New Momentum International Limited (the “Issuer”)  
(incorporated with limited liability in the British Virgin Islands)



Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司) (the “Guarantor”)  
(incorporated with limited liability in the People’s Republic of China)

Offer to Exchange at least a Minimum Acceptance Amount (as defined below) of the securities described below:

Description of Debt Securities	Outstanding Amount	ISIN/Common Code	Minimum Acceptance Amount	Exchange Consideration per US\$1,000 of Existing Bonds tendered
8.50 per cent. Guaranteed Bonds Due 2024 (the “Existing Bonds”)	US\$87,600,000	XS2635637940/263563794	US\$78,840,000	US\$1,000 in aggregate principal amount of the Bonds (as defined below) and the Accrued Interest (as defined below). See the section entitled “Description of the Exchange Offer—Exchange Consideration”

**THIS EXCHANGE OFFER (AS DEFINED HEREIN) WILL EXPIRE AT 4:00 P.M., LONDON TIME ON 18 JUNE 2024, UNLESS EXTENDED OR EARLIER TERMINATED AT THE SOLE DISCRETION OF THE ISSUER AND THE GUARANTOR (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE “EXPIRATION DEADLINE”). ELIGIBLE HOLDERS (AS DEFINED HEREIN) WHO GIVE INSTRUCTIONS TO EXCHANGE EXISTING BONDS WILL RECEIVE EXCHANGE CONSIDERATION AS DESCRIBED BELOW. INSTRUCTIONS (AS DEFINED HEREIN) MAY NOT BE WITHDRAWN ONCE SUBMITTED.**

Upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum (this “Exchange Offer Memorandum”), the Issuer and the Guarantor are offering to exchange (the “Exchange Offer”) at least US\$78,840,000, or 90 per cent., of the outstanding principal amount of the Existing Bonds (the “Minimum Acceptance Amount”) held by Eligible Holders (as defined herein) for the exchange consideration for each US\$1,000 principal amount of the outstanding Existing Bonds that is validly tendered prior to the Expiration Deadline and accepted for exchange (the “Exchange Consideration”) consisting of the following:

- US\$1,000 in aggregate principal amount of the US\$ denominated 8.50 per cent. guaranteed bonds due 2025 (the “Bonds”) issued by the Issuer and unconditionally and irrevocably guaranteed by the Guarantor (the “Guarantee”); and
- any accrued and unpaid interest on any Existing Bonds validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date, will be payable in cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards) (such accrued and unpaid interest in cash, the “Accrued Interest”).

The Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act.

Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms herein. You must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Bonds to submit an instruction on your behalf to the relevant clearing system prior to the deadlines specified by the relevant clearing system, which may be earlier than the deadline specified in this Exchange Offer Memorandum.

Instructions to exchange any of the Existing Bonds may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Any Bonds to be issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Any fractional amounts of the Bonds will be forfeited. Any tendering Eligible holder must tender its entire holding of Existing Bonds for exchange. The Issuer and the Guarantor reserve their right not to accept any partial tender of Existing Bonds by any Eligible Holders. Eligible Holders are responsible for ensuring that their instructions will result in the Bonds they are entitled to receive being at least equal to the minimum principal amount of US\$200,000. Instructions that would result in a principal amount of Bonds below US\$200,000 will be rejected.

The Exchange Offer is subject to the conditions discussed under “Description of the Exchange Offer—Conditions to the Exchange Offer”. Notwithstanding anything to the contrary contained in this Exchange Offer Memorandum or in any other document related to the Exchange Offer, the Issuer and the Guarantor expressly reserve the right, at their sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer—Conditions to the Exchange Offer” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer, including the Minimum Acceptance Amount or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. The obligation to accept for exchange the Existing Bonds validly tendered is subject to, and conditioned upon, among other things, the valid tender of the Existing Bonds for at least the Minimum Acceptance Amount. Unless waived by the Issuer or the Guarantor, if valid tenders of the Existing Bonds for less than the Minimum Acceptance Amount are received, the Issuer and the Guarantor will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.

**YOU MUST MAKE YOUR OWN DECISION WHETHER TO EXCHANGE YOUR EXISTING BONDS IN THE EXCHANGE OFFER. NONE OF THE ISSUER, THE GUARANTOR, THE EXISTING BONDS TRUSTEE, THE EXISTING BONDS AGENTS, THE TRUSTEE, THE AGENTS, THE DEALER MANAGER, THE INFORMATION AND EXCHANGE AGENT (EACH AS DEFINED HEREIN) OR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD EXCHANGE YOUR EXISTING BONDS IN THE EXCHANGE OFFER.** You should carefully consider all the information in this Exchange Offer Memorandum including, in particular, the “Risk Factors” section in this Exchange Offer Memorandum before you make any decision regarding the Exchange Offer. For more information regarding the Bonds, see the section entitled “Terms and Conditions of the Bonds”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“Professional Investors”) only. This document is for distribution to Professional Investors only. The Hong Kong Stock Exchange has not reviewed the contents of this Exchange Offer Memorandum, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Exchange Offer Memorandum to Professional Investors only have been reproduced in this Exchange Offer Memorandum. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Group (as defined herein) or quality of disclosure in this Exchange Offer Memorandum. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Exchange Offer Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Exchange Offer Memorandum.

**Notice to Hong Kong investors:** The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved. By purchasing the Bonds, you will be deemed to have represented that you (and any person on whose behalf you are acting) are a Professional Investor. An Eligible Holder participating in the Exchange Offer will be required to certify its Investor Profile (as defined herein) when it submits instructions for the Exchange Offer. See “Description of the Exchange Offer – Investor Profile Election”. An Eligible Holder’s certification of its Investor Profile does not affect any of its entitlements with respect to the Existing Notes it holds.

Sole Dealer Manager

Haitong International

The date of this Exchange Offer Memorandum is 12 June 2024

## IMPORTANT NOTICE

**THIS EXCHANGE OFFER MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON IN ANY JURISDICTION TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS EXCHANGE OFFER MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN AFFAIRS OF THE ISSUER, THE GUARANTOR AND ITS SUBSIDIARIES (COLLECTIVELY, THE “GROUP”), SINCE THE DATE OF THIS EXCHANGE OFFER MEMORANDUM OR THAT THE INFORMATION CONTAINED IN THIS EXCHANGE OFFER MEMORANDUM IS CORRECT AS OF ANY TIME AFTER THAT DATE.**

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Exchange Offer Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Exchange Offer Memorandum.

This Exchange Offer Memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Exchange Offer Memorandum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Guarantor, having made all reasonable inquiries, confirms that: (i) this Exchange Offer Memorandum contains all information with respect to the Issuer, the Guarantor and the Group referred to in this Exchange Offer Memorandum, the Bonds and the Guarantee, that is material in the context of the Exchange Offer and the issue of the Bonds; (ii) the statements contained in this Exchange Offer Memorandum relating to the Issuer, the Guarantor, and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Exchange Offer Memorandum with regard to the Issuer, the Guarantor and their subsidiaries are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other material facts in relation to the Issuer, the Guarantor, and the Group, the Bonds and the Guarantee, the omission of which would, in the context of the Exchange Offer and the issue of the Bonds, make this Exchange Offer Memorandum, as a whole, misleading; and (v) the Issuer and the Guarantor have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer and the Guarantor accept responsibility accordingly.

**This Exchange Offer Memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.**

The communication of this Exchange Offer Memorandum and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), or within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which this Exchange Offer Memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Exchange Offer Memorandum or any of its contents.

The Exchange Offer Memorandum is not a prospectus for the purposes of the Prospectus Regulation (as defined below). The attached document has been prepared on the basis that any offer of the Bonds in any Member State of the European Economic Area (the “**EEA**”) will only be made to a legal entity which is a qualified investor under the Prospectus Regulation (“**Qualified Investors**”). Accordingly, any person making or intending to make an offer in that Member State of Bonds which are the subject of the exchange contemplated in this Exchange Offer Memorandum may only do so with respect to Qualified Investors. Neither the Issuer nor the Dealer Manager has authorised, nor do they authorise, the making of any offer of Bonds other than to Qualified Investors. The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS**—The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS**—The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Notification under Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”)** —Solely in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”) the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N 12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

No representation or warranty, express or implied, is made by Haitong International Securities Company Limited (the “**Dealer Manager**”), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Existing Bonds Trustee**” and the “**Trustee**”), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Principal Paying Agent**”), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Registrar and Transfer Agent**” and, together with the Principal Paying Agent, the “**Existing Bonds Agents**” and the “**Agents**”) or D.F. King Ltd., being the information and exchange agent (the “**Information and Exchange Agent**”) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them as to the accuracy or completeness of the information set forth herein, and nothing contained in this Exchange Offer Memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent and any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them has independently verified any of the information contained in this Exchange Offer Memorandum. They can give no assurance that this information is accurate, truthful or complete, and, to the fullest extent permitted by law, none of them accepts any responsibility for the contents of this Exchange Offer Memorandum. This Exchange Offer Memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, or the Information and Exchange Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them as to whether Eligible Holders of the Existing Bonds should tender the Existing Bonds pursuant to the Exchange Offer.

The Dealer Manager has not approached or invited, and will not approach or invite any existing bondholder with a view to recommend the Exchange Offer described in the Exchange Offer Memorandum. In carrying out such function, the Dealer Manager has exclusively relied on the representations and warranties of the Issuer and the Guarantor to it. If you have any questions, you should contact the Issuer, the Guarantor or the Information and Exchange Agent directly for more information.

Each person receiving this Exchange Offer Memorandum acknowledges that: (i) such person has not been approached or invited by the Dealer Manager with a view to recommend the Exchange Offer; (ii) such person has

not relied on the Dealer Manager or any person affiliated with the Dealer Manager in connection with any investigation of the accuracy of such information or its decision; and (iii) no person has been authorised to give any information or to make any representation concerning the Issuer, the Guarantor and their subsidiaries, the Bonds or the Guarantee (other than as contained herein and information given by duly authorised officers and employees of the Issuer and the Guarantor in connection with investors' examination of the Group and the terms of the Exchange Offer) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or the Dealer Manager.

**The Bonds and the Guarantee have not been approved or disapproved of by any regulatory authority in the United States, the PRC, Hong Kong, Singapore or elsewhere, nor have any regulatory authority passed upon or endorsed the merits of the Exchange Offer or the accuracy or adequacy of this Exchange Offer Memorandum. Any representation to the contrary may be a criminal offense.**

None of the Issuer, the Guarantor, or the Dealer Manager is, making an offer to exchange or sell the Bonds, including the Guarantee, in any jurisdiction except where an offer or sale is permitted. The Dealer Manager is not making any recommendation regarding the Exchange Offer to any Eligible Holders, or to any advisor or other representative of any such Eligible Holders. The distribution of this Exchange Offer Memorandum and the Exchange Offer may in certain jurisdictions be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required to inform itself about and to observe any such restrictions. For a description of the restrictions on the offer and distribution of the Bonds, including the Guarantee, and distribution of this Exchange Offer Memorandum, see the section entitled "*Offer and Distribution Restrictions*" below.

This Exchange Offer Memorandum summarises certain material documents and other information, which can be referred to for a more complete understanding of what are discussed in this Exchange Offer Memorandum. In making an investment decision, you must rely on your own examination of the Group and the terms of the Exchange Offer, including the merits and risks involved. None of the Issuer or the Guarantor is making any representation to you regarding the legality of tendering the Existing Bonds pursuant to the Exchange Offer by you under any legal, investment, taxation or similar laws or regulations. You should not consider any information in this Exchange Offer Memorandum to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding tendering the Existing Bonds pursuant to the Exchange Offer.

Whether or not the Exchange Offer is consummated, the Issuer and the Guarantor expressly reserve the absolute right, at their sole discretion, from time to time to redeem or purchase any Existing Bonds that remain outstanding after the consummation or termination of the Exchange Offer through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from those of this Exchange Offer Memorandum and could be for cash or other consideration, or to exercise any of their rights (including rights of redemption) under the trust deed governing the Existing Bonds.

**YOU MUST MAKE YOUR OWN DECISION WHETHER TO EXCHANGE YOUR EXISTING BONDS IN THE EXCHANGE OFFER. NONE OF THE ISSUER, THE GUARANTOR, THE EXISTING BONDS TRUSTEE, THE EXISTING BONDS AGENTS, THE TRUSTEE, THE AGENTS, THE DEALER MANAGER, THE INFORMATION AND EXCHANGE AGENT (EACH AS DEFINED HEREIN) OR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD EXCHANGE YOUR EXISTING BONDS IN THE EXCHANGE OFFER.**

**YOU SHOULD READ THIS EXCHANGE OFFER MEMORANDUM CAREFULLY BEFORE MAKING A DECISION WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER, AND ANY SUCH DECISION SHOULD BE MADE SOLELY ON THE INFORMATION CONTAINED IN THIS EXCHANGE OFFER MEMORANDUM. UPON YOUR PARTICIPATION IN THE EXCHANGE OFFER, YOU WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED TO THE ISSUER, THE GUARANTOR AND THE DEALER MANAGER THE REPRESENTATIONS AS SET FORTH IN "*DESCRIPTION OF THE EXCHANGE OFFER— CONDITIONS TO THE EXCHANGE OFFER— REPRESENTATIONS, WARRANTIES AND COVENANTS OF ELIGIBLE HOLDERS OF THE EXISTING BONDS*" OF THIS EXCHANGE OFFER MEMORANDUM.**

## OFFER AND DISTRIBUTION RESTRICTIONS

*This Exchange Offer Memorandum does not constitute an offer of securities for sale in any jurisdiction where it is unlawful to do so. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by each of the Issuer, the Guarantor, the Existing Bonds Trustee, the Trustee, the Dealer Manager and the Information and Exchange Agent to inform themselves about and to observe any such restrictions. None of the Existing Bonds Trustee, the Trustee, the Dealer Manager and the Information and Exchange Agent will incur any liability for their own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.*

### UNITED STATES

The Exchange Offer will only be made to Eligible Holders who are not U.S. persons (as defined in Regulation S of the Securities Act) located outside the United States and hold the Existing Bonds through the Clearing Systems (as defined herein) or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States and holding the Existing Bonds through the relevant Clearing System. The Exchange Offer are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Existing Bonds may not be tendered in the Exchange Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the Securities Act, or by a U.S. person (as defined in Regulation S of the Securities Act).

Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported offer of the Existing Bonds for purchase or exchange resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer of the Existing Bonds for purchase or exchange made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

The Bonds have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons outside the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any other jurisdiction.

The purpose of this Exchange Offer Memorandum is limited to the Exchange Offer and this Exchange Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of the Existing Bonds participating in the Exchange Offer will represent that it is not a U.S. Person and it is not located in the United States and is not participating in the Exchange Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Exchange Offer from the United States.

### PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the UK PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of this Exchange Offer Memorandum and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Promotion Order, (2) persons who fall within Article 49 of the Financial Promotion Order (high net worth companies, unincorporated associations and trusts), or (3) any other persons to whom these documents and/or materials may lawfully be communicated. In the UK, the Bonds offered hereby are only available to, and any investment or investment activity to which this Exchange Offer Memorandum relates will be engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on this Exchange Offer Memorandum or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Bonds received by the Dealer Manager may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor. All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Bonds and the Exchange Offer in, from or otherwise involving the United Kingdom.

## **HONG KONG**

This Exchange Offer Memorandum has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this Exchange Offer Memorandum may not be issued, circulated or distributed in Hong Kong. A copy of this Exchange Offer Memorandum may, however, be issued to a limited number of prospective applicants for the Exchange Offer or the Bonds in Hong Kong (i) in a manner which does not constitute an offer to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “SFO”) and any rules made thereunder.

No advertisement, invitation or document relating to the Exchange Offer or the Bonds may be issued or may be in the possession of any person whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

## **JAPAN**

The Exchange Offer and the Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “FIEA”) and may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except

pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **SINGAPORE**

The Dealer Manager has acknowledged that this Exchange Offer Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, the Dealer Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Exchange Offer Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any
- (2) person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (3) where no consideration is or will be given for the transfer;
- (4) where the transfer is by operation of law;
- (5) as specified in Section 276(7) of the SFA; or
- (6) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **THE PRC**

No Bonds shall be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC, except in compliance with applicable laws and regulations. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

## **BRITISH VIRGIN ISLANDS**

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to subscribe for any of the Bonds.

This Exchange Offer does not constitute, and will not be, an offering of the Bonds to any person in the British Virgin Islands.

## PRESENTATION OF FINANCIAL INFORMATION

This Exchange Offer Memorandum contains the audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023.

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2021 has been derived from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2022 (the “**2022 Audited Financial Statements**”). The consolidated financial information of the Guarantor as at and for the year ended 31 December 2022 and 2023 has been derived from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2023 (the “**2023 Audited Financial Statements**”, together with the 2022 Audited Financial Statements, the “**Audited Financial Statements**”). The Audited Financial Statements have been audited by BDO.

The 2022 Audited Financial Statements were subject to, and were prepared in accordance with the new accounting standards and policies by the MOF, namely (i) Interpretation No. 15 of the Accounting Standards for Business Enterprises (《企业会计准则解释第 15 号》) by the MOF with effect from 1 January 2022, (ii) Notice by the MOF of Issues Concerning the Application of the Provisions on the Accounting Treatment of the COVID-19 Pandemic-Related Rental Concessions (财政部关于适用《新冠肺炎疫情相关租金减让会计处理规定》相关问题的通知) with effect from 19 May 2022 and (iii) Interpretation No. 16 of the Accounting Standards for Business Enterprises (《企业会计准则解释第 16 号》) (the “**Interpretation No. 16**”) by the MOF with effect from November 30, 2022. In accordance with these new accounting standards, the Group is not required to and did not retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2021. As a result, certain consolidated financial information of the Guarantor as at and for the year ended 31 December 2021 may not be directly comparable to that as at and for the years ended 31 December 2022 and 2023. For more information, please refer to “Notes to the Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 26. Changes in Significant Accounting Policies and Accounting Estimates” to the 2022 Audited Financial Statements. The 2023 Audited Financial Statements were subject to, and were prepared in accordance with the new accounting standards and policies by the MOF, namely certain standards under the Interpretation No. 16 with effect from 1 January 2023. For more information, please refer to “Notes to the Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 26. Changes in Significant Accounting Policies and Accounting Estimates” to the 2023 Audited Financial Statements. Any future changes on the Group’s accounting policies may have material impact on the Group’s financial condition and results of operations. Investors must therefore exercise caution when making comparisons between financial figures included in this Exchange Offer Memorandum when evaluating the Group’s financial condition and results of operations.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”). The Guarantor has not prepared its financial statements or consolidated financial statements, as the case may be, in accordance with International Financial Reporting Standards (“**IFRS**”). There are no material differences between PRC GAAP and the IFRS with respect to the determination of the Group’s financial position, except for certain modifications which reflect the PRC’s unique circumstances and environment.

Historical audited financial statements are not necessarily indicative of financial results that may be achieved in any future period. Accordingly, the Guarantor’s Audited Consolidated Financial Statements should not be taken as an indication of the expected financial results of operations of the Group for the year ending 31 December 2024.

Each of the Audited Financial Statements have been prepared in Chinese (the “**Chinese Financial Statements**”) only and an English translation of such financial statements (collectively, the “**Financial Statements Translation**”) has been prepared and included in this Exchange Offer Memorandum for reference only. None of the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, has independently verified or checked the accuracy of the Financial Statements Translation and none of them can give any assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. The Chinese Financial Statements are not included in and do not form part of this Exchange Offer Memorandum. Copies of the Chinese Financial Statements can be downloaded free of charge from the website of cninfo at <http://www.cninfo.com.cn/> (the “**CNInfo Website**”). The information contained on the CNInfo Website does not form part of this Exchange Offer Memorandum and is subject to change from time to time. No representation is made by the Issuer, the Guarantor, the Group, the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them, and none of the Issuer, the Guarantor, the Group, the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them, takes any responsibility for any information contained on CNInfo Website.

## CERTAIN TERMS AND CONVENTIONS

This Exchange Offer Memorandum has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Exchange Offer Memorandum all references to (i) the “**Issuer**” are to New Momentum International Limited, (ii) the “**Guarantor**” and the “**Company**” are to Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司) and (iii) the “**Group**” are to the Guarantor and its direct and indirect subsidiaries, taken as a whole.

Unless otherwise specified or the context otherwise requires, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to the “**PRC**” or “**China**” are to the People’s Republic of China, for the purpose of this Exchange Offer Memorandum only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to the “**U.S.**” or “**United States**” are to the United States of America, to “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC, and to “**US\$**” or “**U.S. dollars**” are to the lawful currency of the United States.

Unless the context otherwise requires, all references in this Exchange Offer Memorandum to “**Existing Bondholders**” or “**holders of the Existing Bonds**” include:

- (a) each person who is shown in the records of the Clearing Systems as a holder of one or more series of the Existing Bonds (also referred to as “**Direct Participants**” and each a “**Direct Participant**”); and
- (b) each Beneficial Owner of one or more series of the Existing Bonds holding such Existing Bonds, directly or indirectly, in an account in the name of a Direct Participant acting on such Beneficial Owner’s behalf.

In this Exchange Offer Memorandum, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“ <b>Accrued Interest</b> ” .....	a sum equivalent to accrued and unpaid interest on the Existing Bonds from (and including) the immediately preceding interest payment date for the Existing Bonds to (but excluding) the Settlement Date.
“ <b>AMAC</b> ” .....	the Asset Management Association of China (中國證券投資基金業協會).
“ <b>AMC(s)</b> ” .....	the assets management company(ies) approved for establishment or authorised by the State Council or PRC provincial governments to engage in bulk acquisition of distressed assets, including the Four AMCs and local AMCs.
“ <b>Anhui Financial Work Office</b> ” .....	Financial Work Office of Anhui Provincial People’s Government (安徽省人民政府金融工作辦公室).
“ <b>Anhui Provincial Government</b> ” .....	People’s Government of Anhui Province (安徽省人民政府) or local government entities, and instrumentalities thereof, or where the context requires, any of them.
“ <b>BDO</b> ” .....	BDO China Shu Lun Pan Certified Public Accountants LLP.
“ <b>Beneficial Owner</b> ” .....	A person who is the owner, either directly or indirectly, of an interest in a particular principal amount of the Existing Bonds, as shown in the records of Euroclear or Clearstream or their Direct Participants.
“ <b>Board of Supervisors</b> ” .....	the board of supervisors of the Guarantor.
“ <b>Board</b> ” or “ <b>Board of Directors</b> ” .....	the board of directors of the Guarantor.
“ <b>Bonds</b> ” .....	8.50 per cent. guaranteed bonds due 2025 issued by the Issuer and unconditionally and irrevocably guaranteed by the Guarantor.
“ <b>business day</b> ” .....	a day on which commercial banks are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong.
“ <b>BVI</b> ” .....	the British Virgin Islands.

<b>“CBIRC”</b> .....	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), which was established as a result of the merger between CBRC and China Insurance Regulatory Commission (中國保險監督管理委員會) on 8 April 2018 and was replaced by National Administration of Financial Regulation (國家金融監督管理總局) in May 2023. Reference to CBIRC shall include reference to either or both of its predecessors.
<b>“CBRC”</b> .....	China Banking Regulatory Commission (中國銀行業監督管理委員會).
<b>“Chenyao Private Equity”</b> .....	Anhui Chenyao Private Equity Fund Management Co., Ltd. (安徽晨曜私募基金管理有限公司) (formerly known as Anhui GoHo Equity Investment Fund Management Co., Ltd. (安徽國厚股權投資基金管理有限公司)), a limited company incorporated in the PRC on 12 May 2017, and an associate company of the Guarantor.
<b>“Clearing Systems”</b> .....	Euroclear and Clearstream.
<b>“Clearstream”</b> .....	Clearstream Banking S.A.
<b>“CSRC”</b> .....	China Securities Regulatory Commission (中國證券監督管理委員會).
<b>“Director(s)”</b> .....	director(s) of the Guarantor.
<b>“EIT Law”</b> .....	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) adopted by the Tenth National People’s Congress on 16 March 2007, and last amended on 29 December 2018.
<b>“EIT”</b> .....	enterprise income tax of the PRC.
<b>“Eligible Holder”</b> .....	a holder of the Existing Bonds who is lawfully able to participate in the Offers in accordance with the offer and distribution restrictions set out herein.
<b>“Euroclear”</b> .....	Euroclear Bank SA/NV.
<b>“Exchange Consideration”</b> .....	the exchange consideration for each US\$1,000 principal amount of the outstanding Existing Bonds that is validly tendered prior to the Expiration Deadline and accepted for exchange.
<b>“Exchange Offer”</b> .....	the offering to exchange at least US\$78,840,000, or 90 per cent., of the outstanding principal amount of the Existing Bonds held by Eligible Holders for the exchange consideration for each US\$1,000 principal amount of the outstanding Existing Bonds that is validly tendered prior to the Expiration Deadline and accepted for exchange.
<b>“Existing Bonds”</b> .....	8.50 per cent. guaranteed bonds due 2024 issued by the Issuer and unconditionally and irrevocably guaranteed by the Guarantor.
<b>“Expiration Deadline”</b> .....	4.00 p.m. (London time) on 18 June 2024 (subject to the right of the Issuer and the Guarantor to extend, re-open, amend and/or terminate the Exchange Offer (or any part thereof)).
<b>“FATCA”</b> .....	The U.S. Foreign Account Tax Compliance Act.
<b>“FIEA”</b> .....	Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948).
<b>“Four AMCs”</b> .....	China Huarong, China Cinda, China Orient and China Great Wall, collectively.
<b>“GDP”</b> .....	gross domestic product.

<b>“GoHo Investment”</b> .....	Anhui GoHo Investment Management Co., Ltd. (安徽國厚投資管理有限公司), a limited company incorporated in the PRC on 23 April 2015, and a connected subsidiary of the Guarantor.
<b>“Guorui Equity Investment”</b> .....	Shanghai Guorui Equity Investment Fund Management Co., Ltd. (上海國銳股權投資基金管理有限公司), a limited company incorporated in the PRC on 29 July 2015, and a connected subsidiary of the Guarantor.
<b>“Hong Kong”</b> .....	Hong Kong Special Administrative Region of the People’s Republic of China.
<b>“Hong Kong Stock Exchange”</b> .....	The Stock Exchange of Hong Kong Limited.
<b>“IAS”</b> .....	the International Accounting Standards issued by the IASB.
<b>“IASB”</b> .....	International Accounting Standards Board.
<b>“IFRS”</b> .....	the International Accounting Standards (IAS), the International Financial Reporting Standards, amendments and the related interpretations issued by the IASB.
<b>“Instruction”</b> .....	The electronic tender and blocking instruction in the form specified in the relevant Clearing System Notice, which must be submitted by (or on behalf of) Eligible Holders, Direct Participants or Beneficial Owners in accordance with the requirements of the relevant Clearing System in order for Eligible Holders to participate in the Exchange Offer.
<b>“Minimum Acceptance Amount”</b> .....	US\$78,840,000, or 90 per cent., of the outstanding principal amount of the Existing Bonds for exchange of the Bonds.
<b>“MOF”</b> .....	Ministry of Finance of the People’s Republic of PRC.
<b>“MOFCOM”</b> .....	Ministry of Commerce of the PRC.
<b>“NDRC”</b> .....	National Development and Reform Commission of the PRC or its competent local counterparts.
<b>“Transaction Website”</b> .....	<a href="https://www.dfkingltd.com/new-momentum/">https://www.dfkingltd.com/new-momentum/</a> , the website operated by the Information and Exchange Agent for the purpose of the Exchange Offer.
<b>“PBOC”</b> .....	the People’s Bank of China, the central bank of the PRC, or its competent local counterparts.
<b>“PRC government”</b> .....	the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them.
<b>“PRC”</b> .....	The People’s Republic of China and, for the purpose of this Tender Offer Memorandum only, exclude, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.
<b>“Regulation S”</b> .....	Regulation S under the Securities Act.
<b>“Results Announcement”</b> .....	Announcement of the aggregate principal amount of the Existing Bonds tendered at or prior to the Expiration Deadline, and the final total aggregate principal amount of the Bonds to be issued to Eligible Holders in exchange for the Existing Bonds validly tendered, accepted and exchanged.
<b>“SAFE”</b> .....	State Administration of Foreign Exchange of the PRC or its competent local counterparts.
<b>“Securities Act”</b> .....	United States Securities Act of 1933, as amended.

“**Settlement Date**” ..... on or around 21 June 2024 (subject to the right of the Issuer and the Guarantor to extend, re-open, amend and/or terminate the Exchange Offer).

“**State Council**” ..... State Council of the PRC.

“**Supervisor(s)**” ..... supervisor(s) of the Guarantor.

Unless otherwise stated in this Exchange Offer Memorandum, all translations from Renminbi into U.S. dollars were made at the rate of RMB7.0999 to US\$1.00, the noon buying rate in New York City on 29 December 2023 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York. All such translations in this Exchange Offer Memorandum are provided solely for investors’ convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all.

In this Exchange Offer Memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not equal to the apparent total of the individual terms and actual numbers may differ from those contained herein due to rounding. The English names of the PRC nationals, entities, departments, facilities, laws, regulations certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

Unless the context otherwise requires, references to “**2021**”, “**2022**” and “**2023**” in this Exchange Offer Memorandum are to the years ended 31 December 2021, 2022 and 2023, respectively.

Market data, industry forecast and the PRC and industry statistics in this Exchange Offer Memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information are believed to be reliable, it has not been independently verified by the Issuer, the Guarantor or the Dealer Manager or their respective directors and advisers, and none of the Issuer, the Guarantor, the Dealer Manager, their respective directors and advisers make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and the PRC and property industry statistics.

## GLOSSARY OF TECHNICAL TERMS

*This glossary of technical terms contains explanations of certain technical terms used in this Exchange Offer Memorandum. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

<b>“AUM”</b> .....	assets under management
<b>“banking financial institutions”</b> .	primarily including banks, AMCs, trust companies, finance companies in an enterprise group, financial leasing companies, car finance companies and consumer finance companies
<b>“distressed assets”</b> .....	primarily including distressed debt assets, DES assets and assets in satisfaction of debt
<b>“debt-to-equity swap(s)” or “DES”</b> .....	the practice of converting indebtedness owed by the obligors to equity
<b>“DES assets”</b> .....	assets that include (i) the equity assets that the Company acquired as a result of equity swaps of distressed debt assets of enterprises; (ii) additional equities of the aforementioned enterprises the Company subsequently acquired as part of asset packages the Group purchased; and (iii) additional investments by the Company in the aforementioned enterprises
<b>“distressed debt assets”</b> .....	primarily including loans, accounts receivables and other obligations which are overdue, expected to be overdue or those the obligors have or expected to have difficulties in repaying
<b>“FI Distressed Assets”</b> .....	distressed assets acquired from banks and non-bank financial institutions
<b>“gross amount”</b> .....	gross amount of a financial asset is the amount before deduction of any provision for impairment losses
<b>“IT”</b> .....	information technology
<b>“NFE Distressed Assets”</b> .....	accounts receivable and other distressed assets from non-financial enterprises
<b>“non-performing loan(s)” or “NPL(s)”</b> .....	loan(s) classified as substandard, doubtful and loss under the five-category loan classification system (as applicable) adopted by financial institutions pursuant to applicable PRC guidelines
<b>“original value”</b> .....	the original principal amount of and interests accrued (as applicable) on distressed assets on the books of the selling parties, without taking into account any provision for impairment or value reduction resulting from default or other events

## FORWARD-LOOKING STATEMENTS

This Exchange Offer Memorandum contains forward-looking statements. The forward-looking statements contain information regarding, among other things, the Group's future operations, performance, financial condition, expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations and projections about future events. Although the Group believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Group's ability to successfully implement its business plans and strategies;
- future development, trends and conditions in the industry and market in which the Group operates;
- the Group's business prospects;
- the Group's capital expenditure plans;
- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- capital market and developments;
- the Group's dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- changes in the global economic conditions and material volatility in the global financial markets.

The words "believe", "expect", "anticipate", "estimate", "intend", "may", "will", "would", "plan", "seek" and similar words identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer, the Guarantor or the Group discussed in this Exchange Offer Memorandum regarding matters that are not historical fact. Although the Group believes that the expectations reflected in the forward-looking statements are reasonable, the Group can give no assurance that such expectations will prove correct. The Group undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in "*Risk Factors*" and elsewhere in this Exchange Offer Memorandum, the forward-looking statements in this Exchange Offer Memorandum are not and should not be construed as assurances of future performance and the Issuer's, the Guarantor's and the Group's actual results could differ materially from those anticipated in those forward-looking statements.

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## SUMMARY

*This summary is an introduction to this Exchange Offer Memorandum and is to be read together with the other parts of this Exchange Offer Memorandum to aid Existing Holders when considering whether to participate in the Exchange Offer. Any decision to participate in the Exchange Offer should be based on a consideration of the relevant sections of this Exchange Offer Memorandum by Existing Holders.*

### INTRODUCTION

#### *The Exchange Offer*

Upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, the Issuer and the Guarantor are offering to exchange at least a Minimum Acceptance Amount, being US\$78,840,000, of their outstanding Existing Bonds held by Eligible Holders for the Exchange Consideration, consisting of:

- (a) US\$1,000 in aggregate principal amount of the Bonds; and
- (b) any Accrued Interest.

Accrued and unpaid interest on any Existing Bonds validly tendered and accepted for exchange will be payable in cash.

As at the date of this Exchange Offer Memorandum, US\$87,600,000 in aggregate principal amount of the Existing Bonds is outstanding.

Eligible Holders of the Existing Bonds validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Bonds (other than the right to receive the Exchange Consideration) and will release and discharge the Issuer and the Guarantor from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Bonds and the Guarantee, including any and all accrued and unpaid interest thereon.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website at <https://www.dfkingltd.com/new-momentum/>.

See “*Description of the Exchange Offer*” for further details.

#### *Purpose of the Exchange Offer*

The purpose of the Exchange Offer is to improve the Group’s liquidity position and extend maturity of the Existing Bonds.

Whether or not the Exchange Offer is consummated, the Issuer and the Guarantor expressly reserve their absolute right, at their sole discretion, from time to time redeem or purchase any Existing Bonds that remain outstanding after the consummation or termination of the Exchange Offer through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration.

#### *Certain Differences between the Existing Bonds and the Bonds*

Other than the date of maturity, there are certain differences between the Existing Bonds and the Bonds. See “*Summary of Certain Differences between the Existing Bonds and the Bonds*” for further details.

## INDICATIVE TIMETABLE

The following summarises the current schedule for the Exchange Offer. Please note that the expiration of the Exchange Offer and the settlement of the Bonds, as well as the other events listed below, may be earlier or later than indicated below. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Exchange Offer Memorandum. All references in this Exchange Offer Memorandum to times are to London time unless stated otherwise. The below dates are indicative only.

<b>Event</b>	<b>Time and Date</b>
<b><i>Announcement and Commencement of the Exchange Offer</i></b>	
Commencement of the Exchange Offer and announcement via the websites of the Hong Kong Stock Exchange and the Transaction Website and through Euroclear or Clearstream, as applicable.	12 June 2024.
Exchange Offer Memorandum will be made available to Eligible Holders of the Existing Bonds on the Transaction Website.	
<b><i>Expiration Deadline</i></b>	
The last date and time on which Eligible Holders of the Existing Bonds who validly tender Existing Bonds are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Bonds to participate in the Exchange Offer.	4.00 p.m. (London time) on 18 June 2024, unless being amended or extended.
<b><i>Announcement of Results</i></b>	
Announcement of the aggregate principal amount of the Existing Bonds tendered at or prior to the Expiration Deadline, and the final total aggregate principal amount of the Bonds to be issued to Eligible Holders in exchange for the Existing Bonds validly tendered, accepted and exchanged.	As soon as reasonably practicable following the Expiration Deadline, expected to be on or around 19 June 2024.
<b><i>Settlement Date</i></b>	
Subject to satisfaction of the conditions as set forth under “ <i>Description of the Exchange Offer—Conditions to the Exchange Offer</i> ”, settlement of the Bonds, delivery of the Exchange Consideration to Eligible Holders whose Existing Bonds have been validly tendered and accepted for exchange.	Expected to be on or around 21 June 2024, unless being amended or extended.
<b><i>Listing of the Bonds</i></b>	
Listing of the Bonds on the Hong Kong Stock Exchange.	Expected to be on or around 24 June 2024, unless being amended or extended.

In relation to the time and dates indicated above, Eligible Holders of the Existing Bonds should note the particular practices and policies of the relevant Clearing System regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Bonds for exchange may be delivered to the relevant Clearing System (which may be earlier than the deadlines set forth below) so that they are received by the Information and Exchange Agent within the deadlines set forth below. All notices to Eligible Holders of the Existing Bonds will be released through delivery to the Clearing Systems for communication to direct participants.

The Issuer and the Guarantor reserve the right to extend the Expiration Deadline at their sole discretion. In such a case, the date on which the notice of the results of the Exchange Offer will be delivered and the Settlement Date will be adjusted accordingly. Eligible Holders of the Existing Bonds should inform themselves of any earlier deadlines that may be imposed by the Clearing Systems and/or any intermediaries, which may affect the timing of the submission of a notice of exchange.

The Issuer intends to publicly announce the commencement date of the Exchange Offer, any extensions of the Expiration Date, other notifications or amendments relating to the Exchange Offer and the results of the Exchange Offer by the issue of a press release and/or a notice sent via the Euroclear or Clearstream and announcement on the websites of the Hong Kong Stock Exchange and the Transaction Website.

## SUMMARY OF THE BONDS

The following is a brief summary of the terms of the Bonds and is qualified in its entirety by the remainder of this Exchange Offer Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Bonds".

<b>Issuer .....</b>	New Momentum International Limited.
<b>Guarantor .....</b>	Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司).
<b>Issue.....</b>	8.50 per cent. Guaranteed Bonds due 2025.
<b>Guarantee .....</b>	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee.
<b>Form, Specified Denomination and Title .....</b>	The Bonds will be issued in registered form in the specified denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
<b>Interest .....</b>	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 8.50 per cent. per annum, payable in arrear on 21 December 2024 and 20 June 2025 (each an "Interest Payment Date"), assuming a Settlement Date of 21 June 2024.
<b>Issue Date.....</b>	Settlement Date, which is on or about 21 June 2024.
<b>Maturity .....</b>	The tenor of the Bonds will be 364 days. The Maturity Date will be on or about 20 June 2025, assuming a Settlement Date of 21 June 2024.
<b>Use of Proceeds.....</b>	The Issuer will not receive any cash proceeds from the Exchange Offer.
<b>Status of the Bonds .....</b>	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
<b>Status of the Guarantee.....</b>	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
<b>Events of Default.....</b>	The Bonds will contain certain events of default as further described in Condition 9 of the Terms and Conditions of the Bonds.
<b>Taxation .....</b>	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.  If the Issuer or, or as the case may be, the Guarantor is required to make a deduction or withholding required by law, the Issuer or, as the case may be, the Guarantor shall pay (except in certain circumstances set out in

Condition 8 of the Terms and Conditions of the Bonds) such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

**Final Redemption**..... Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

**Redemption for Taxation Reasons** ..... The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 30 days' notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with interest accrued to but excluding the date fixed for redemption, at any time in the event of certain changes affecting taxes of the British Virgin Islands or the PRC, as further described in "*Terms and Conditions of the Bonds– Redemption and Purchase– Redemption for Taxation Reasons*".

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

**Further Issues**..... The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the first payment of interest on them and the timing for compliance with the requirements set out in the Terms and Conditions of the Bonds in relation to the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in the Terms and Conditions of the Bonds will include (unless the context requires otherwise) any further bonds issued pursuant to the Condition 15 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds.

**Clearing Systems**..... The Bonds will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

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

**Selling Restrictions** ..... The Bonds and the Guarantee have not been and will not be registered under the Securities Act or under any state securities laws of the United States. The Bonds are being offered only to non-U.S. persons outside the United States in reliance of Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*Offer and Distribution Restrictions*".

**Listing** ..... Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 24 June 2024, assuming a Settlement Date of 21 June 2024.

<b>Trustee .....</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Principal Paying Agent.....</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Registrar and Transfer Agent....</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>ISIN .....</b>	XS2841939973
<b>Common Code.....</b>	284193997
<b>LEI .....</b>	3003005XUSBS8M54KD10

## OVERVIEW OF THE GROUP

The overview below is only intended to provide a limited overview of information described in more detail elsewhere in this Exchange Offer Memorandum. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read this Exchange Offer Memorandum in its entirety, including the section titled “Risk Factors”, before making an investment decision. Terms defined elsewhere in this Exchange Offer Memorandum shall have the same meanings when used in this overview.

### Overview

The Company is a leading privately-controlled local AMC with mixed ownership headquartered in Anhui province, China. Established in 2014 by China Orient Asset Management Co., Ltd. (中國東方資產管理公司), Anhui Boya Investment Co., Ltd. (安徽博雅投資有限公司) and other enterprises with competitive resources, the Company is one of the first five local AMCs in China and the first privately-controlled AMC promulgated by the CBRC. The Company is also the first AMC in Anhui province licensed to engage in the bulk acquisition and disposition of financial distressed assets and one of the only two CBRC-licensed AMCs in Anhui province. Since its inception, the Group has developed a unique business model by leveraging synergies among its diverse business lines and closely cooperating with local governments to expand its businesses. Over the years, the Group has established a number of municipal and county-level asset management joint ventures with local governments in China.

The Group’s principal business segments can be classified into the following: (i) distressed asset management, (ii) financial advisory services and fund management, and (iii) general investment. The following table sets out a breakdown of the Group’s major businesses:

<b>Distressed Asset Management</b>	<b>Financial Advisory Services and Fund Management</b>	<b>General Investment</b>
<ul style="list-style-type: none"><li>• Distressed asset acquisition and disposition</li><li>• Distressed asset restructuring and investment</li></ul>	<ul style="list-style-type: none"><li>• Financial advisory services for distressed asset management</li><li>• Private fund management</li><li>• Financial advisory services for financing and investment</li></ul>	<ul style="list-style-type: none"><li>• Equity investment</li><li>• Wealth management and other investments</li><li>• Debt investment</li><li>• Factoring</li></ul>

Distressed asset management is the Group’s core business and it comprises (i) distressed asset acquisition and disposition, and (ii) distressed asset restructuring and investment. The Group has accumulated extensive industry knowledge, operational experience, professional expertise and quality client base for distressed asset acquisition, management, restructuring and disposal. The Group also utilises its own capital to directly invest in companies with liquidity issues and provide financing services. The Group has developed an integrated operational system, cultivated and built up a professional team and maintained strong relationships with local governments, major commercial banks and financial institutions, and non-financial enterprises.

The Group provides a series of advisory services for distressed asset management including (i) entrusted distressed asset acquisition and management, and (ii) enterprise bankruptcy and restructuring advisory services. The Group’s private fund management business primarily includes the management of urbanisation funds and other funds, which provide a series of financial products and services for companies with liquidity issues to manage their financial risks. The Group also provides advisory services for financing and investment to small and medium enterprises to enable them to achieve sustainable development throughout various stages of economic cycles.

In addition to distressed assets related business, the Group optimised its capital and increased its financial investments with an aim to improve return and the coordinated development to meet the various capital needs of customers. The Group’s investment under regular financial business primarily include equity investment, investment in wealth management products, asset management plans and trust plans, debt investment and factoring products.

The following table sets out a breakdown of the Group’s revenue by business lines and its absolute percentage of total revenue for the years indicated:

	Year ended 31 December					
	2021		2022		2023	
	Revenue	Per cent.	Revenue	Per cent.	Revenue	Per cent.
	(RMB in millions, except percentages)					
Distressed asset management .....	1,024.9	64.7	(5.0)	(0.9)	47.8	9.9
Financial advisory and fund management .....	402.0	25.4	442.1	80.5	228.8	47.3
General investment.....	78.1	4.9	148.0	26.9	205.8	42.5
Others <sup>(1)</sup> .....	79.6	5.0	(35.7)	(6.5)	1.6	0.3
<b>Total .....</b>	<b>1,584.5</b>	<b>100.0</b>	<b>549.3</b>	<b>100.0</b>	<b>484.0</b>	<b>100.0</b>

Note:

(1) Others mainly include revenue from rental income, government grants and tax incentives and exchange gains or losses.

### Competitive Strengths

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

- The Group is a leading local AMC with reputation in the local AMC market in China;
- The Group's business model and position enable the Group to capture market opportunities;
- The Group maintains a significant presence in Anhui province and benefits from its practical experience and abundant resources, allowing it to extend its asset management business to other major cities in China;
- The Group possesses leading distressed asset management capabilities and provides comprehensive financial services;
- The Group has established a scientific, standardised and prudent risk management system; and
- The Group benefits from a diversified ownership structure combined with market-oriented and standardized operations and a qualified professional team.

### Business Strategies

The Group's strategies for achieving its business goals are described as follows:

- The Group will keep focusing on core distressed asset management and optimise innovative development; and
- The Group will deepen collaboration with local governments and counterparties and establish an ecosystem for financial services and asset management businesses.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The summary audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023, as set out below, has been extracted from the Audited Financial Statements.

The Audited Financial Statements were prepared and presented in accordance with PRC GAAP. The Guarantor has not prepared its financial statements or consolidated financial statements, as the case may be, in accordance with IFRS. There are no material differences between PRC GAAP and the IFRS with respect to the determination of the Group's financial position, except for certain modifications which reflect the PRC's unique circumstances and environment. See "Presentation of Financial Information".

Prospective investors should read the summary consolidated financial information below in conjunction with the Audited Financial Statements and the related notes, the English translation of which are included elsewhere in this Exchange Offer Memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

### Summary Consolidated Statement of Profit or Loss and other Comprehensive Income

	For the year ended 31 December		
	2021	2022	2023
	(Audited)		
	(RMB in thousands)		
<b>Operating income</b>			
Net gains/(losses) on disposal of distressed debt assets.....	117,948	(1,301)	16,639
Fee and commission income .....	396,659	442,058	228,796
Debt investment income.....	850,026	7,577	76,729
Interest income.....	67,936	30,089	16,581
Investment income .....	77,033	177,646	174,070
- Income from investments in associates and joint ventures .....	57,225	175,726	185,548
Losses or Gains from changes in fair values .....	(4,637)	(71,049)	(30,413)
Exchange gains or losses.....	20,317	(87,625)	(19,152)
Income from assets disposal.....	(14)	2	264
Other operating income.....	17,591	20,039	16,520
Other income.....	41,662	31,863	3,967
<b>Total operating income .....</b>	<b>1,584,522</b>	<b>549,299</b>	<b>484,002</b>
<b>Operating expenses</b>			
Fee and commission expenses.....	(122,729)	(147,753)	(74,169)
Interest expenses .....	(640,189)	(511,516)	(524,104)
Taxes and surcharges .....	(14,309)	(5,473)	(2,528)
General and administrative expenses.....	(209,557)	(155,632)	(106,390)
Other operating expenses .....	(15,650)	(35,644)	(32,089)
Impairment losses of credit .....	(25,652)	(12,119)	34,259
Impairment losses of assets .....	N/A	N/A	(406,615)
<b>Total operating expenses.....</b>	<b>(1,028,086)</b>	<b>(868,136)</b>	<b>(1,111,637)</b>
<b>Operating profit/loss .....</b>	<b>556,436</b>	<b>(318,837)</b>	<b>(627,634)</b>
Non-operating income.....	578	106	1,183
Non-operating expenses .....	(50)	(343)	(27)
<b>Profit before tax .....</b>	<b>556,964</b>	<b>(319,074)</b>	<b>(626,478)</b>
Income tax expenses .....	(145,981)	(10,019)	(41,426)
<b>Net profit/loss .....</b>	<b>410,983</b>	<b>(329,093)</b>	<b>(667,904)</b>
- Attributable to shareholders of the Company .....	383,094	(356,776)	(686,169)
- Attributable to minority shareholders.....	27,889	27,683	18,264
Other comprehensive income, net of tax .....	21,766	41,174	(57,388)
<b>Total comprehensive income .....</b>	<b>432,750</b>	<b>(287,919)</b>	<b>(725,292)</b>
- Attributable to shareholders of the Company .....	404,861	(315,602)	(743,556)
- Attributable to minority shareholders .....	27,889	27,683	18,264

## Consolidated Statement of Financial Position

	As at 31 December		
	2021	2022	2023
	<i>(Audited)</i>		
	<b>(RMB in thousands)</b>		
<b>Assets</b>			
Cash and bank balances.....	818,348	434,016	143,215
Accounts receivable .....	36,240	24,541	23,625
Financial investments.....	8,783,773	4,263,403	1,958,271
Held-for-trading financial assets.....	641,194	1,026,416	887,940
Debt investments .....	8,142,579	3,236,987	1,070,331
Long-term equity investments.....	1,775,623	6,800,682	7,827,600
Investment properties .....	678,658	683,355	648,862
Fixed assets .....	86,339	82,409	77,965
Right-of-use assets .....	14,334	30,796	8,976
Intangible assets .....	2,976	3,227	2,831
Deferred tax assets .....	20,532	39,123	5,615
Other assets .....	1,221,283	497,015	491,566
<b>Total assets.....</b>	<b>13,438,108</b>	<b>12,858,568</b>	<b>11,188,527</b>
<b>Liabilities</b>			
Short-term borrowings .....	456,041	260,505	202,506
Financial assets sold under repurchase agreements .....	354,183	324,049	174,985
Contact liabilities .....	291,223	174,343	71,655
Employee benefits payable.....	30,864	3,745	3,441
Taxes payable.....	162,821	54,109	44,000
Long-term borrowings.....	1,741,181	1,707,908	1,773,491
Lease liabilities .....	13,862	31,566	10,273
Bonds payable.....	3,298,919	3,675,445	3,561,419
Deferred tax liabilities.....	2,827	2,789	155
Other liabilities.....	1,815,165	1,660,507	1,204,102
<b>Total liabilities.....</b>	<b>8,167,086</b>	<b>7,894,966</b>	<b>7,046,026</b>
<b>Shareholders' equity</b>			
Capital stock.....	2,792,429	2,792,429	2,792,429
Other equity instruments .....	1,274,550	1,274,550	1,276,323
Other comprehensive income .....	15,773	56,947	(441)
Surplus reserve.....	137,924	137,924	137,924
Retained profits.....	671,654	314,878	(371,290)
<b>Total shareholders' equity.....</b>	<b>5,271,022</b>	<b>4,963,602</b>	<b>4,142,500</b>
– Attributable to equity holders of the company.....	4,892,330	4,576,729	3,834,944
– Attributable to minority shareholders' equity .....	378,691	386,873	307,556
<b>Total liabilities and shareholders' equity .....</b>	<b>13,438,108</b>	<b>12,858,568</b>	<b>11,188,527</b>

## Consolidated Statement of Cash Flow

	For the year ended 31 December		
	2021	2022	2023
	<i>(Audited)</i>		
	<b>(RMB in thousands)</b>		
Net cash flow from operating activities.....	296,478	5,091,840	1,859,531
Net cash flow from investing activities .....	300,686	(5,423,458)	(1,821,202)
Net cash flow from financing activities.....	(636,747)	(102,249)	(321,959)
Effect of foreign exchange rate changes on cash and cash equivalents .....	(1,341)	(667)	(846)
<b>Net decrease in cash and cash equivalents.....</b>	<b>(40,923)</b>	<b>(434,533)</b>	<b>(284,475)</b>
Cash and cash equivalents at the beginning of the year .....	813,571	772,648	338,115
<b>Cash and cash equivalents at the end of the year.....</b>	<b>772,648</b>	<b>338,115</b>	<b>53,640</b>

## Other Financial Data

	As at / For the year ended 31 December		
	2021	2022	2023
	(RMB in thousands, except percentages)		
EBITDA <sup>(1)</sup> .....	1,211,060	239,944	(58,635)
EBITDA Margin <sup>(2)</sup> .....	76.43 per cent.	43.68 per cent.	(12.11) per cent.
Debt-to-asset ratio <sup>(3)</sup> .....	60.78 per cent.	61.40 per cent.	62.98 per cent.

### Notes:

- (1) EBITDA equals the sum of operating profit or loss, depreciation of investment properties, depreciation of fixed assets, amortisation of intangible assets and interest expenses.

EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because the Group believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and the Group's ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

- (2) EBITDA margin is calculated as EBITDA divided by total operating income.
- (3) Debt-to-asset ratio is calculated as total liabilities divided by total assets.

## RISK FACTORS

*Before making a decision whether to participate in the Exchange Offer, you should carefully consider, in light of their own financial circumstances and investment objectives, all of the information in this Exchange Offer Memorandum and, in particular, the following factors. The following section does not describe all of the risks for Holders participating in the Exchange Offer. Additional risks and uncertainties relating to the Exchange Offer or the Group that the Issuer or the Guarantor is not aware of or that the Group currently believes are immaterial may also adversely affect the Group's business, financial condition or results of operations. If any of the possible events described below occur, the Group's business, financial condition or results of operations could be materially and adversely affected. In such case, the Issuer and the Guarantor may not be able to satisfy their obligations under the Bonds, and you could lose all or part of your investment.*

### **RISKS RELATING TO THE EXCHANGE OFFER GENERALLY**

***Failure to obtain tenders of at least the Minimum Acceptance Amount could increase the default risk under the Existing Bonds.***

If at least the Minimum Acceptance Amount is not tendered, or if any of the other conditions as described in “Description of the Exchange Offer—Conditions to the Exchange Offer” are not satisfied or waived, the Issuer will not be able to refinance the Existing Bonds. The Group will therefore face liquidity pressure and will be subject to increased default risk under the Existing Bonds and other outstanding indebtedness.

***The Group is experiencing difficulty in maintaining and raising sufficient cash, including through financing activities, to meet its obligations as they become due and to continue funding its on-going business operations and investments.***

The Group is experiencing difficulty in maintaining and raising sufficient cash, including through financing activities, to meet its obligations as they become due and to continue funding its on-going business operations and investments. For instance, as at 31 December 2023, the Group had unpaid outstanding debts. See also “— Risks relating to the Group's Business – The Group may be unable to generate sufficient cash flow to services its indebtedness, including the Bonds.” The Group continues to examine various options to improve its liquidity and cash position. However, even after consummation of the Exchange Offer, the Group will continue to face pressure with respect to the coupon and principal payments on its borrowings becoming due given the current significant and negative situation with the Group's liquidity and cash position. There can be no assurance that the Group will be able to continue generating sufficient cash through operations and financing activities to meet its obligations as they come due, as well as to continue funding its significant operational cash flow needs and ongoing investments and other commitments. Failure by the Group to generate such cash could have a material adverse effect on its business, results of operations and financial condition, on the trading price of the Bonds, and ultimately on the Group's ability to repay its obligations under the Bonds on a timely basis, or at all.

***There are certain material differences between the Existing Bonds and the Bonds.***

There are material differences between the Existing Bonds and the Bonds. See “Certain Differences between the Existing Bonds and the Bonds” for a summary of such differences. The information contained therein is a summary only and should not be taken to be a complete description of the particular provision summarised or as an exhaustive list of all differences between the Existing Bonds and the Bonds. Existing Bondholders are advised to review the terms and conditions of the Existing Bonds and the terms and conditions of the Bonds in their entirety before making a decision whether to participate in the Exchange Offer.

***Even after consummation of the Exchange Offer, the Group may not be able to make payments due on any outstanding Existing Bonds or any other outstanding indebtedness.***

It is possible that not all of the Existing Bonds will be tendered, in which case some principal amount of Existing Bonds will continue to remain outstanding. In addition, the Group maintains a substantial level of other indebtedness. For details, see “Capitalisation and Indebtedness”. Although the Exchange Offer is conducted as part of the Group's broader strategy to improve the overall financial condition of the Group, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management, there can be no assurance that the Group will be successful in its strategy, or that the Group will have sufficient cash to pay the remaining coupon and principal payments as they come due under any outstanding Existing Bonds. If the Group fails to make timely payment under any outstanding Existing Bonds or any other outstanding indebtedness, that may in turn trigger cross-defaults or cross-acceleration under the other borrowings of the Group, and could have a material adverse effect on the Group's business, results of operations and financial conditions, on the trading price of the Bonds, and ultimately on its ability to repay the obligations under the Bonds on a timely basis, or at all.

***Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Bonds may be substantially reduced, and market prices for outstanding Existing Bonds may decline as a result.***

The trading market for Existing Bonds that are not exchanged for Bonds could become more limited than the existing trading market for the Existing Bonds and could cease to exist altogether due to the reduction in the principal amount of the Existing Bonds outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Bonds. If a market for Existing Bonds that are not exchanged exists or develops, the Existing Bonds may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in the Existing Bonds will exist, develop or be maintained, or as to the prices at which the Existing Bonds may trade, after the Exchange Offer are consummated.

***The Issuer and the Guarantor expressly reserve the right to purchase any Existing Bonds that remain outstanding after the consummation of the Exchange Offer.***

Whether or not the Exchange Offer is consummated, the Issuer and the Guarantor expressly reserve their absolute right, at their sole discretion, from time to time to redeem or purchase any Existing Bonds that remain outstanding after the consummation or termination of the Exchange Offer through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration, or to exercise any of other rights, including redemption rights, under the relevant Existing Bonds and the Guarantee.

***The Exchange Offer may be cancelled, delayed or amended.***

The Issuer and the Guarantor are not obligated to complete the Exchange Offer under certain circumstances and unless and until certain conditions are satisfied or waived, the Exchange Offer may be terminated, as described more fully below in “*Description of the Exchange Offer—Conditions to the Exchange Offer*”. Even if the Exchange Offer are completed, it may not be completed on the schedule described in this Exchange Offer Memorandum. Accordingly, participating Eligible Holders may have to wait longer than expected to receive their Exchange Consideration (or to have their Existing Bonds returned to them in the event that the Exchange Offer is terminated), during which time those Eligible Holders will not be able to effect transfers of their Existing Bonds tendered in the Exchange Offer. In addition, subject to applicable laws, the Issuer and the Guarantor have the right to amend the terms of the Exchange Offer prior to the Expiration Deadline.

The Issuer and the Guarantor may choose to terminate or amend certain parts of the Exchange Offer, but retain other aspects unchanged. In particular, the Issuer and the Guarantor may amend the terms of the Exchange Offer with respect to the Existing Bonds, including the relevant timing of the Exchange Offer. In such event, the Issuer and the Guarantor will issue announcements of such decisions accordingly.

***The Exchange Consideration to be received in the Exchange Offer does not reflect any market valuation of the Existing Bonds or the Bonds.***

No determination has been made by the Issuer or the Guarantor that the consideration to be received in the Exchange Offer represents a fair valuation of the Existing Bonds or the Bonds. The Exchange Consideration should not be construed as assurance or an indication of, and may not accurately reflect, the current or future market value of the Existing Bonds or the Bonds. No fairness opinion is or will be obtained from any financial advisor about the fairness to the Issuer, the Guarantor or the Eligible Holders of the consideration to be received by holders of the Existing Bonds. Accordingly, none of the Issuer, the Guarantor, the Dealer Manager, the Information and Exchange Agent, the Existing Bonds Trustee, the Trustee, the Existing Bonds Agents, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them and any other person is making any recommendation as to whether you should tender any Existing Bonds for exchange in the Exchange Offer.

***Decision to tender any Existing Bonds for the Exchange Consideration may contribute to exposure to the risk of nonpayment for a longer period of time.***

The Existing Bonds will mature on 25 June 2024. The Bonds will have a tenor of 364 days. The Group also has a significant amount of indebtedness with a maturity prior to the maturity of the Bonds. If the Existing Bonds are tendered for Bonds and, following the maturity date of the tendered Existing Bonds but prior to the maturity date of the Bonds, the Issuer and the Guarantor were to become subject to bankruptcy or similar proceedings, holders of such earlier-maturing indebtedness including the holders of the Existing Bonds who did not exchange their Existing Bonds for Bonds could be paid in full prior to such event and there would exist a risk that holders of the Bonds would not be paid in full, if at all. Decision to tender any Existing Bonds for later-maturing Bonds should be made with the understanding that the lengthened maturity of such Bonds contributes to exposures to the risk of nonpayment for a longer period of time.

***Eligible Holders of the Existing Bonds may not withdraw their instructions except as required by applicable law.***

Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders who tender their Existing Bonds may not withdraw their instructions to exchange for the Exchange Consideration except in limited circumstances as required by applicable law as described in this Exchange Offer Memorandum. Withdrawal rights will only be provided as, and if, required by applicable law.

***You are responsible for complying with the procedures of the Exchange Offer. The Existing Bonds you tendered will not be accepted for exchange and you may not receive Exchange Consideration in the Exchange Offer if the procedures for the Exchange Offer are not followed.***

Eligible Holders are responsible for complying with all of the procedures for offerings to exchange the Existing Bonds. Bonds will be issued in exchange for your Existing Bonds only if you tender the applicable Existing Bonds and deliver a properly submitted Instruction through Euroclear or Clearstream, as applicable. You should allow sufficient time to ensure timely delivery of the Instruction and the necessary documents. None of the Issuer, the Guarantor, the Existing Bonds Trustee, the Existing Bonds Agents, the Dealer Manager and the Information and Exchange Agent assumes any responsibility for informing the holders of the Existing Bonds of irregularities in any Instruction to Euroclear or Clearstream, as applicable, or with respect to the acceptance of offers to exchange. Prior to the Settlement Date, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Upon giving a blocking instruction relating to the securities account where Existing Bonds are held in a relevant Clearing System, Eligible Holders should be aware that they may not transfer title to such Existing Bonds to other persons and may suffer losses if the market price of the Existing Bonds changes and the Exchange Offer, in respect of that holder or generally, is not completed for whatever reason.

Eligible Holders holding the Existing Bonds in Euroclear or Clearstream should note the particular practices and policies of Euroclear or Clearstream, as applicable, regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Bonds for exchange may be delivered to Euroclear or Clearstream (which may be earlier than the deadlines set forth in this Exchange Offer Memorandum), as applicable, so that they are received by the Information and Exchange Agent in respect of the Exchange Offer within the deadlines set forth in this Exchange Offer Memorandum. None of the Issuer, the Guarantor, the Dealer Manager and the Information and Exchange Agent will be responsible for the communication of acceptances and corresponding instruction notices by:

- beneficial owners to the direct participant through which they hold the Existing Bonds; or
- the direct participant to the Euroclear or Clearstream, as applicable.

If you are the beneficial owner of the Existing Bonds that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the Exchange Offer, you should promptly contact the person in whose name your Existing Bonds are registered and instruct that person to tender on your behalf and to properly follow the procedures. Additionally, it is important to note that all references in this Exchange Offer Memorandum to times are to London time, unless otherwise stated.

An Eligible Holder participating in the Exchange Offer will be required to certify its Investor Profile when it submits instructions for the Exchange Offer. An Eligible Holder's certification of its Investor Profile does not affect any of its entitlements with respect to the Existing Notes it holds.

***Your Existing Bonds generally will be blocked from the date of instruction until the earlier of (i) consummation and (ii) termination of the Exchange Offer.***

Participating Eligible Holders should be mindful that they are authorising the relevant Clearing System to block their position in the Existing Bonds until the Settlement Date, or termination or withdrawal of the Exchange Offer, as applicable. Participating Eligible Holders will not be able to sell or otherwise transfer their interests in such tendered Existing Bonds during such time.

***Eligible Holders are responsible for compliance with the exchange and transfer restrictions.***

Each Eligible Holder of the Existing Bonds is referred to the restrictions herein relating to the Exchange Offer and any transfer of the Bonds. Non-compliance with these restrictions could result in, among other things, the rejection to exchange, unwinding of trades and/or heavy penalties.

***There is no tax analysis regarding the tax consequences of the Exchange Offer to investors.***

This Exchange Offer Memorandum does not discuss the tax consequences to Eligible Holders and beneficial owners of the Exchange Offer. Eligible Holders and beneficial owners are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Exchange Offer (including the exchange of Existing Bonds for Bonds) to them under the laws of any relevant jurisdiction. Such Eligible Holders and beneficial owners are liable for their own taxes and have no recourse to the Issuer, the Guarantor, the Dealer Manager, the Information and Exchange Agent and the Existing Bonds Trustee, the Trustee, the Existing Bonds Agents, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them with respect to taxes arising in connection with the Exchange Offer. For certain tax consequences of the ownership and disposition of the Bonds, see the section entitled “*Taxation relating to the Bonds*”.

## **RISKS RELATING TO THE GROUP'S BUSINESS**

***The Group's recent operating performance has fluctuated in recent years and the Group incurred an operating loss for the years ended 31 December 2022 and 2023.***

The Group incurred operating loss and net loss for the years ended 31 December 2022 and 2023. Such losses in 2022 primarily comprised of net losses on disposal of distressed debt assets, exchange losses and a decrease in debt investment income. In addition, due to a slowdown in general economic growth since the recurrence of COVID-19 in 2022, the Group was not able to maintain a growth in its distressed asset portfolio and thus disposed some distressed assets for return, which resulted in losses from disposal of certain distressed debt assets. The Group continued to incur operating loss and net loss for 2023, primarily due to an increase in impairment losses of assets as a result of the losses incurred in the Company's affiliates. Certain covenants in the Group's financing arrangements require the Group to remain profit-making or attain a certain level of profit, which the Group was unable to meet for the years ended 31 December 2022 and 2023. See “— *Restrictive covenants contained in financing documents may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations*”. The Group's independent auditors, BDO, had noted its substantial doubt on the Group's ability to continue as a going-concern. See the audit report and note II(2) to the 2023 Audited Financial Statements. The Group's financial performances are affected by a number of factors, such as general economic conditions, local market conditions and demand, the volume and quality of the Group's distressed asset portfolio as well as government policies and incentive measures in business areas where the Group operates. There is no assurance that the Group's operating performance will improve in the future.

***The Group may be unable to generate sufficient cash flow to service its indebtedness, including the Bonds.***

The Group's ability to make scheduled payments on and to refinance its indebtedness, including the Bonds, depends on and is subject to its future financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond its control, including the availability of financing in the banking and capital markets.

The Group may fail to generate sufficient cash flow from operations. Future borrowings may not be available or in an amount sufficient to enable the Group to make payments on or refinance its debt or to fund other liquidity needs. As at the date of this Exchange Offer Memorandum, the Group has significant indebtedness and certain outstanding indebtedness remains unpaid. As a result, the Group is involved in a series of financial disputes and litigation where a part of the Group's assets mortgaged and the Company's shares pledged are subject to enforcement actions. Please see “*The Group may be involved in litigations, arbitrations and other disputes which may expose it to potential liabilities*”.

If the Group were unable to generate cash flows from operations and other capital resources and unable to meet its debt obligations or to fund other liquidity needs, it would need to restructure or refinance all or a portion of its debt, which the Group may not be able to do on commercially reasonable terms or at all. If the Group were unable to make payments or refinance its debt or obtain new financing under these circumstances, it would have to consider other options, such as suspension or delay of its business activities, deduction of capital expenditures, asset sales, equity issuances and/or negotiations with lenders to restructure the applicable debt. The agreements governing the Group's existing indebtedness restrict, and market or business conditions may limit, its ability to take some or all of these actions. Any restructuring or refinancing of indebtedness could be at higher interest rates and the Group may be required to comply with more onerous covenants that could further restrict its business operations. If any event that the Group unable to meet its obligations under the Bonds and other debts, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand. The Group may not have sufficient funds to repay all of its debt obligations, including with respect to the Bonds.

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

A substantial amount of funds is required to support the growth of the Group's distressed asset portfolio and future expansion of the Group's business operations. The Group's sources of funding primarily include (i) borrowings from banks and non-bank financial institutions and (ii) proceeds from the issuance of corporate bonds. As at 31 December 2023, the Group's total indebtedness (comprising short-term borrowings, long-term borrowings, bonds payable, long-term payables and the interest-bearing portion of financial assets sold under repurchase agreements and other payables) amounted to RMB6,216.8 million. In addition, as at 31 December 2023, the total amount of the Group's outstanding guarantees for third parties was approximately RMB120.0 million, representing 1.1 per cent. of the Group's total assets as at the same date.

Substantial indebtedness could impact on the Group's business in a number of ways, including:

- requiring the Group to divert its operating cash flows to service its indebtedness;
- increasing the Group's finance expenses, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group's business scale grows, its capital requirements and its reliance on external financing may increase. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its debts, legal actions against the Group by its creditors, or bankruptcy of relevant members of the Group.

In addition, the Group mortgages or pledges some of its assets, including cash and cash balances, investment properties, long-term equity investments, fixed assets and held-for-trading financial assets to secure some of its banking facilities and payables. As at 31 December 2023, the Group's assets comprising investment properties, long-term equity investments, fixed assets and held-for-trading financial assets with a total book value of approximately RMB1,134.5 million were provided as security to secure the loan facilities and payables of the Group. In addition, as at 31 December 2023, the Group also has restricted cash and cash balances in an aggregate amount of approximately RMB89.6 million. For details, please refer to "Notes to the Financial Statements – V. Notes to Consolidated Financial Statements Items – 12. Restricted Ownership of Assets" to the 2023 Audited Financial Statements. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Group defaults on such banking facilities, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, and the lenders may foreclose shares in subsidiaries the Company pledges, which may cause the Company to lose control over such subsidiaries and may adversely affect the Group's business, prospects and financial condition. Furthermore, the Group also pledges its income rights to its financial assets to secure its borrowings from third parties. If the Group defaults on such borrowings, the third parties may have recourse to the pledged financial assets and the attached income rights. Such arrangement is recorded in the Group's consolidated financial statements as the Group's financial assets sold under repurchase agreements. As at 31 December 2021, 2022 and 2023, the Group's financial assets sold under repurchase agreements amounted to RMB354.2 million, RMB324.0 million and RMB175.0 million, representing 4.3 per cent., 4.1 per cent. and 2.5 per cent. of the Group's total liabilities as at the corresponding dates. Any default under the financial assets sold under repurchase agreements may cause the Group to lose control over such financial assets and the Group's business, results of operations and financial condition may be adversely affected. As at the date of this Exchange Offer Memorandum, part of the Group's assets, including but without limitation to cash and cash balances in the form of bank deposits and shares in subsidiaries, is subject to enforcement actions.

***Restrictive covenants contained in financing documents may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations.***

Certain financing contracts entered into by the Group's members contain operational and financial restrictions that prohibit the borrowers from incurring additional indebtedness, restrict the borrowers from creating security or granting guarantees or prohibit the borrowers from changing their business and corporate structure and declaring or paying dividends, without the lenders' prior consent. For instance, some of the loan agreements executed by the Company with certain commercial banks restrict it from incurring any additional indebtedness and/or paying dividends to its shareholders. Such restrictions may negatively affect the relevant companies' ability to respond to

changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. The terms of such restrictions may also be subject to uncertainty and interpretation. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

If the Group or any of its member companies is unable to comply with the restrictions (including restrictions on future investments) and covenants in the current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. Certain covenants in bonds issued in the PRC required the Group to achieve certain investment return or profit level, which the Group was unable to meet for the year ended 31 December 2022 and 2023. See “— *Risks relating to the Bonds and the Guarantee - If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.*” These incidents may affect the Group's ability to refinance, which in turn, may have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

***The Group may be unable to obtain sufficient funds on commercially acceptable terms to support the Group's business operations.***

The Group may need additional funding for the further acquisition of distressed assets and other investments. If there are changes in macroeconomic conditions and policies, or if the Group fails to maintain the Group's existing and future loan arrangements with commercial banks and other financial institutions, the Group may not be able to continue to obtain adequate funding on commercially reasonable terms, or at all. If sufficient financing is not available to meet the Group's business needs, or cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to fund the Group's operations, investments and business expansion, introduce new business or compete effectively.

Furthermore, the Group's members may need financial support from the Group to meet their liquidity requirements during the ordinary course of their businesses. The Group may not be able to provide sufficient funds to the Group's subsidiaries in a timely manner, or at all, which could materially and adversely affect the Group's financial condition and results of operations.

***The Group may be involved in litigations, arbitrations and other disputes which may expose it to potential liabilities.***

The Group is often involved in litigations, arbitrations and other disputes as the plaintiff, applicant or defendant in the ordinary course of its businesses. Such litigations, arbitrations and other disputes relate to a variety of reasons, including, (i) the Group seeks to recover outstanding amounts from its debtors or guarantors, or enforce collateral and pledges or other guarantees; (ii) the Group and its counterparties involved in acquisitions or disposals of distressed assets seek court orders or arbitrations to affirm the respective legal rights; (iii) the Group's counterparties seeks to recover outstanding amounts from the Group or to enforce collateral and pledges or other guarantees in disputes over assignment of distressed asset claim. In particular, the Company is currently involved in a series of litigations in relation to (i) disputes with financial institutions and corporate entities arising from loan and financing agreements where the Company is an obligor, (ii) disputes with its counterparties such as IT companies and asset management companies arising from distressed debt transfer transactions. As at the date of the Exchange Offer Memorandum. See also “— *Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*” and “*Description of the Group — Legal Proceedings*”. The Group cannot assure you that it will not be involved in any additional material litigations, arbitrations or other disputes against the Group in the future or will not have more assets be subject to enforcement actions. If the Group fails to realise the value of its distressed assets as expected, generate returns from its long-term equity investment, or improve its cash flows, it may fail to meet its payment obligations under its outstanding debts and involve itself in more financial dispute and litigations, which may expose the Group and its asset to material risks and substantial losses.

In addition, the Group may have to pay legal costs associated with such disputes, including fees relating to litigation, arbitrations, appraisal, auction, execution and legal advisory services. Legal proceedings and other disputes may lead to inquiries, investigations, administrative penalties and proceedings by regulatory authorities and other government authorities and may result in damage to the Group's reputation, additional operating costs and diversion of resources and management's attention from the Group's core business.

***If the Group is unable to maintain reasonable growth in the Group's distressed asset portfolio, the Group's results of operations and financial condition may be materially and adversely affected.***

Distressed asset management is one of the Group's main businesses. The distressed assets that the Group acquires from financial institutions and non-financial enterprises are primarily comprised of NPLs sold by banks, distressed assets sold by non-bank financial institutions and distressed assets sold by nonfinancial enterprises. The profitability of the Group's distressed asset management and the growth of such business depend, to some extent, on the overall supply of distressed assets in the market and the Group's ability to acquire distressed assets.

Changes in the balance of NPLs of commercial banks, the balance of distressed assets of non-bank financial institutions, the overall volume of accounts receivable of enterprises, macro-economic conditions, government policies and market liquidity fluctuations could have significant effect on the supply of distressed assets in the market. As a result, the supply of distressed assets in the market may be limited or changed adversely. The amount of distressed assets that the Group can acquire depends on a few factors beyond the Group's control, including the policies of the PRC government, willingness of banks, non-bank financial institutions and enterprises to sell their distressed assets and competition with other AMCs. If the Group fails to acquire distressed assets at reasonable costs or at all, or if any changes in the government policies with regard to distressed asset management prevent the Group from expanding the Group's distressed asset portfolio in a reasonable manner, the Group's results of operations and financial condition may be materially and adversely affected.

***The Group may be adversely affected by fluctuations in the PRC and global economy and financial markets.***

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global financial markets and tightening of liquidity in global credit markets. While China's economy showed an overall growth trend with gradual improvement in major economic indicators, the mounting pressure on exports from the external environment faced by China's economy, coupled with the recent spate of credit and liquidity events among domestic real estate enterprises, posed challenges to China's economic growth and the development of the real estate industry in the second half of 2023. China's economic growth may also slow down due to weakened exports and nationwide structural reforms, as well as trade conflicts with the United States. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively low. Furthermore, to control inflation, the United States along with other major countries and economies have accelerated their paces of interest rate hikes which have impacted the global capital markets and commodity prices. In Asia and other emerging markets, some countries are facing or expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty.

Furthermore, the Russo-Ukrainian conflict that commenced on 24 February 2022 has led to turmoil to global financial and commodities market, especially in the United States, the Europe Union and the United Kingdom, where some countries have experienced shortage in energy and commodities supply. More recently, the current events in Israel and Gaza that commenced in October 2023 could increase the risk of destabilisation of the broader Gulf region and the situation remains highly volatile and uncertain. The geopolitical and macroeconomic consequences of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a severe adverse effect on the world economy and the markets for certain securities and commodities, such as oil and natural gas, and on global economies.

Uncertainties in the global and PRC economy and a reduction in liquidity in the global and PRC financial markets may negatively affect the Group's access to financing resources to support its business plans and expansion. Therefore, instability in the global economy and China's economic growth may materially and adversely affect the Group's business, financial condition and results of operations.

***If the Group is unable to maintain the quality of the Group's distressed asset portfolio, the Group's business, results of operations and financial condition may be materially and adversely affected.***

The Group holds distressed assets as part of its distressed asset management business and entrusted distressed asset business. The Group cannot assure you that it will be able to effectively maintain the quality of the distressed assets that the Group acquired. The actual or potential deterioration in creditworthiness of the Group's counterparties, the debtors or their guarantors, declines in the value of collateral, and reduced profitability of debtors may cause the quality of the Group's distressed assets to deteriorate and may lead to significant increases in the Group's provisions for distressed assets, which may in turn materially and adversely affect the Group's results of operations and financial condition.

In addition, the quality of the Group's distressed asset portfolio is affected by certain macro factors, including the economic conditions and liquidity conditions of the PRC and global markets, and changes of the relevant PRC policies, laws and regulations. Any adverse changes of such factors will increase the Group's credit risks from the

Group's counterparties and the debtors. If the Group's counterparties or the debtors fail to improve their cash flow, the Group's counterparties and the debtors may default on their obligations, which may have a material adverse effect on the quality of the Group's distressed assets.

Furthermore, the sustainability of the Group's business growth and results of operation depends largely on the Group's ability to effectively manage credit risk and maintain or improve the quality of the Group's distressed asset portfolio. The Group cannot assure you that its credit risk management policies, procedures and systems are free from any deficiencies. Deficiencies in the Group's credit risk management policies, procedures and systems may materially and adversely affect the quality of the Group's distressed asset portfolio.

***Due to the competition in the acquisition of distressed assets, the Group may need to purchase distressed assets at higher costs or distressed assets of lower quality.***

In respect of the acquisition of distressed assets in the Group's distressed asset management business, the Group faces competitive pressure from the other AMCs in the PRC. The other AMCs, especially the Four AMCs, may have more operating experience, more capital and lower cost of capital than ours, providing them with stronger acquisition capacity of distressed assets.

As various provinces and cities continue to establish local AMCs, the number of the Group's competitors acquiring distressed assets may continue to increase. Such local AMCs can participate in bulk acquisition of FI Distressed Assets within their respective provinces, autonomous regions and municipalities. Financial institutions such as banks, trusts, finance companies, financial leasing companies can transfer distressed assets in batches to those local AMCs in accordance with the relevant laws, administrative regulations and requirements. In addition, local AMCs can participate in acquisition of NFE Distressed Assets and non-bulk acquisition of FI Distressed Assets outside their respective provinces, autonomous regions and municipalities.

Given the competitive pressures from the other AMCs in respect of the acquisition of distressed assets, the Group may need to purchase distressed assets at higher costs or distressed assets of lower quality, which may in turn materially affect the Group's asset quality, results of operations and financial condition.

***The limitations of the Group's due diligence procedures and analytical approaches as well as other factors beyond the Group's control may affect the Group's judgements and valuation regarding the distressed asset management.***

Before the Group acquires any distressed asset in the Group's distressed asset management business, the Group conducts due diligence that the Group considers reasonable and appropriate based on the facts applicable to each distressed asset acquisition. The due diligence that the Group has conducted or will conduct with respect to any opportunity to acquire distressed assets may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could cause the Group to make erroneous judgement about the risks of such assets. In particular, when the Group acquires distressed assets in the Group's distressed asset management business, the group may be unable to fully identify defects in the pre-existing creditor rights, potential claims by other relevant parties in connection with such distressed assets, or defects in the procedures creating a guarantee, which could materially and adversely affect the Group's ability to enforce the Group's rights and realise the value of collateral, and even subject the Group to litigation risks.

There are no readily ascertainable market prices for most of the distressed assets that the group acquires in the distressed asset management business. When determining the acquisition price of distressed assets, the Group's in-house valuation team and/or qualified independent appraisers will consider various factors, including (i) the Group's due diligence on the quality of distressed assets; (ii) estimated costs associated with the management of such distressed assets; and (iii) market conditions and competitive dynamics. The Group's due diligence strategy and selection process for acquiring distressed assets may not be successfully implemented, which may result in unsatisfactory returns or losses from the Group's investment.

The valuation methods adopted by the Group's in-house valuation team and/or qualified independent appraisers to appraise the value of distressed assets in the Group's distressed asset management business involve subjective judgements, assumptions and opinions, which may not be accurate or correct. Given the complexity of the Group's investment strategies, the Group typically utilises some analytical approaches with reference to the information and data provided by the sellers of distressed assets or third parties in pricing. If these analytical approaches, data and information prove to be incorrect, inaccurate, misleading or incomplete, any decisions made in reliance thereon may expose the Group to potential risks.

The Group may make unsound acquisition decisions, including acquiring distressed assets at prices higher than the reasonable market level, due to the Group's failure to accurately determine reasonable market prices for distressed assets.

Also, the Group's distressed assets are concentrated in certain industries and enterprises. If the conditions of these industries or enterprises significantly deteriorate, the Group's asset quality, results of operations and financial condition may be materially and adversely affected.

In addition, the Group's risk exposure to China's manufacturing industry primarily relates to distressed assets from bad receivables of manufacturing enterprises. Over the past few years, the PRC government consistently deepened the supply-side structural reform which led to the bankruptcy reorganisation of some enterprises with outdated capacities. The accounts receivables of some upstream enterprises continued to increase, and the fact that the collection period of such receivables was extended resulted in many distressed assets. Faced with the pressure of supply-side reform and influenced by multiple factors including excess manufacturing capacity and insufficient market demand, the competition in manufacturing industry intensified and the profit thereof declined. Meanwhile, rising raw material prices and labour costs led to an increase in the production and operation costs of relevant upstream and downstream manufacturing enterprises. Some private small and medium enterprises and low-end manufacturing enterprises faced operation difficulties, resulting in tightening and rupture of capital chain, as well as failure of repayment. Any further adjustment on industry policies by PRC government or the worsening of the market environment could materially adversely affect the capability and willingness of the debtors to repay. Meanwhile, if any other industry which accounts for a significant portion of the Group's distressed assets experiences an adverse development trend, the debtors of such distressed assets may be unable to repay the Group or may default in repayment. As a result, the Group's asset quality, results of operations and financial condition may be materially and adversely affected.

***If the collateral, pledges or guarantees securing the Group's distressed assets are not sufficient, or for other reasons, the Group may not be able to recover the full value of the collateral, pledges or guarantees in a timely manner or at all.***

A substantial portion of the Group's distressed assets in the Group's distressed asset management business are secured by collateral, pledges or guarantees. The value of the collateral securing the Group's distressed assets may significantly fluctuate or decline due to factors beyond the Group's control, including macroeconomic factors such as the PRC economy and monetary policies. The collateral securing the Group's distressed assets primarily includes real estate properties and other assets located in the PRC. In particular, fluctuations in the real estate market in the PRC may result in a decline in the value of the real estate properties securing the Group's distressed assets to a level significantly below the outstanding balance of principal and accrued interest of such distressed assets. Any decline in the value of such collateral may reduce the amounts the Group can recover and increase the Group's impairment losses on distressed assets.

Some of the guarantees securing the Group's distressed assets are provided by the debtor's related parties. Such distressed assets may be not secured by collateral, pledges or other security measures other than guarantees. Significant deterioration in the financial condition of a guarantor could affect the ability of such guarantor to provide guarantees. Moreover, the Group is subject to the risk that courts or other judicial or governmental authorities may declare the guarantees to be invalid or otherwise decline or fail to enforce such guarantees. As a result, the Group is exposed to the risk that the Group may not be able to recover all or any of the amounts guaranteed.

***The provisions the Group makes for impairment losses on financial assets classified as debt investments may not be sufficient to cover actual losses arising from these financial assets.***

The Group conducts impairment assessment for financial assets classified as debt investments regularly and make provisions for impairment losses accordingly. The amount of provisions for impairment losses is based on the Group's current assessment of, and estimates for, various factors affecting the quality of the Group's portfolio of financial assets classified as debt investments. These factors include the debtors' financial condition, their capability and willingness to repay, the realisable value of any collateral, the capability and willingness of the debtors' guarantors (if any) to fulfil their obligations, as well as the PRC macro-economy, monetary policies and legal environment. Many of these factors are beyond the Group's control, and as a result, the Group cannot assure you that the Group's assessment of and estimates for these factors will be accurate. In addition, the Group's classification and provision policies for financial assets classified as debt investments may vary from those adopted by PRC commercial banks. If the Group's assessment of the factors that affect the quality of the Group's portfolio of financial assets classified as debt investments is not accurate, the Group's provisions for impairment losses may not be adequate to cover the Group's actual losses, and the Group may need to make additional provisions for impairment losses, which may lower the Group's profits as well as materially and adversely affect the Group's business, results of operations and financial condition.

***The Group may not be able to realise the value of the Group's distressed assets as expected and the Group's ability to dispose of distressed assets is subject to the limited methods of disposal of distressed assets in the PRC.***

The amount of income the Group generates from the Group's distressed assets in the Group's distressed asset management business depends on various factors, many of which are beyond the Group's control, including the economic conditions and market conditions in the PRC and global markets, and changes in the relevant PRC policies, laws and regulations. Adverse changes in these factors could lead to deterioration in the financial condition and the repayment capability of the companies in which the Group hold distressed assets or make it difficult for the Group to realise the expected value of the distressed assets. The Group cannot assure you that the value of distressed assets the Group acquired will not decrease or that the Group will achieve the returns from disposing of the Group's distressed assets as expected, in part or at all. In addition, the Group may seek to realise the value of distressed assets through litigation or arbitration. However, the Group cannot assure you that the Group can achieve the outcome as expected.

The Group realises the value of distressed assets in the Group's distressed asset management business primarily through debt collection and litigation, debt restructuring, debt-to-equity swaps, negotiated transfer, auction and entrusted collection. Given the distressed asset management industry in the PRC is expected to further evolve, certain innovative financing and disposal methods to hedge against the loss arising from, and to preserve the value in, distressed assets may not be available for the Group. In addition, the Group's distressed asset management is subject to existing regulations, rules and policies, which may change from time to time based on the development of the industry. Newly introduced disposal methods may need further improvement before they are proven effective, and there are legal uncertainties with respect to new methods prior to the promulgation of regulations, rules and policies governing such new methods. Although the Group believes the Group's disposal methods are in compliance with applicable regulations, rules and policies, the regulatory authorities may take different views, which could restrict or prevent the Group from using specific methods of distressed asset disposal and/or result in fines and other penalties.

***If the Group is unable to exit the Group's investments in DES assets in a timely manner or at prices higher than the Group's acquisition cost, the Group's business, results of operations and financial condition may be materially and adversely affected.***

The Group invests in DES assets consisting of unlisted equity investments which are relatively illiquid. In general, the means of exiting investments in DES assets include share repurchase, equity transfer, IPO or asset restructuring. The Group's DES assets may take a longer time than the Group expected to reach the standards for an initial public offering or for the Group to exit the Group's investments through other means. As a result, the Group's investment period may be longer than the Group anticipated, which could reduce the Group's expected returns on investments. If an IPO cannot be achieved for any reason, the Group cannot exit the Group's investments in the open market, which may have a material adverse impact on the realisable value of the Group's investments. In addition, the Group's ability to exit investments in DES assets is also subject to capital markets conditions. If there is an adverse trend in capital markets conditions, the Group may be unable to sell the Group's investments at desirable prices or may not be able to sell such assets within the time period as expected. If the Group is unable to exit the Group's investments in DES assets in a timely manner or at prices higher than the Group's acquisition cost, the Group's business, results of operations and financial condition may be materially and adversely affected.

***If the Group's related distressed asset management business becomes prohibited or restricted under future PRC laws and regulations, the Group's business, results of operations and financial condition may be materially and adversely affected before the completion of the Group's corresponding business adjustments.***

The Group conducted certain transactions under its distressed asset business primarily including (i) held the distressed assets on behalf of the banks who assumed the ultimate responsibilities for repurchasing or guaranteeing returns and bore the burden of compensating for any losses that the Group may suffer; (ii) acquired the normal loans from the banks; and (iii) acquired the distressed assets outside Anhui province (the "Transactions").

Pursuant to the Notice of the General Office of the China Banking Regulatory Commission on Regulating the Acquisition of Distressed Assets of Financial Asset Management Companies (Yin Jian Ban Fa [2016] No. 56) (中國銀監會辦公廳關於規範金融資產管理公司不良資產收購業務的通知 (銀監辦發[2016] 56號)) which took effect on 17 March 2016, AMC's that purchase the distressed assets of banking financial institutions shall strictly observe the principles of authenticity, purity and integrity of the transactions, and make sure the genuine and complete transfer of assets and risks. Other than the transfer contract and any other official legal documents, AMC's shall not enter into or reach any agreement with the transferring banking financial institutions that changes the deal structure, the risk-assuming entity or affects the transfer of relevant rights and interests, and ultimately affects the genuine and complete transfer of assets and risks. AMC's shall not impose any explicit or implicit repurchase clauses in connection with their purchase of distressed assets from banking financial institutions, and shall not convey benefits in a manner inconsistent with the applicable PRC regulations or provide any way for banking

financial institutions' evasion from asset quality regulation. Further, if AMC's entrust the collection of principal and interest of purchased distressed assets to banking financial institutions, AMC's shall not enter into any agreement with such banking financial institutions under which the latter guarantee AMC's floor profit margin from the collection. In addition, pursuant to the Notice of the China Banking Regulatory Commission on Further Promoting Reform and Development to Strengthen Risk Prevention (Yin Jian Fa [2011] No. 14) (中國銀監會關於進一步推進改革發展加強風險防範的通知(銀監發[2011] 14 號)) which took effect on 9 February 2011, commercial banks may not transfer normal loans to AMC's and pursuant to the Administrative Measures for Batch Transfer of Nonperforming Assets of Financial Enterprises (Cai Jin [2012] No. 6) (金融企業不良資產批量轉讓管理辦法(財金[2012] 6 號)) which took effect on 18 January 2012, financial enterprises may not transfer distressed assets arising from personal loans in bulk and AMC's can only participate in bulk acquisition of distress assets within their respective provinces, autonomous regions and municipalities. Pursuant to the Notice of the General Office of the China Banking and Insurance Regulatory Commission of Implementing the Pilot Program of Transferring Non-performing Loans (中國銀保監會辦公廳關於開展不良貸款轉讓試點工作的通知(銀保監辦便函[2021]26 號)) which took effect on 7 January 2021 and pursuant to the Notice of the General Office of the China Banking and Insurance Regulatory Commission of Launching the Second Round of the Pilot Program of Transferring Nonperforming Loans (中國銀保監會辦公廳關於開展第二批不良貸款轉讓試點工作的通知(銀保監辦便函[2022]1191 號)) which took effect on 29 December 2022, banks may transfer distressed assets arising from personal loans in bulk to financial asset management companies and local qualified AMC's without regional restrictions. In addition, these distressed assets arising from personal loans in bulk shall be disposed of in various ways such as litigation recovery, debt extension and reorganization, and shall not be transferred to the third party.

The Transactions may not have been conducted in full compliance with such regulations. However, these regulations do not explicitly specify the legal responsibilities of AMC's that engaged in the prescribed businesses. The interpretation and application of such regulations is relatively uncertain. As at the date of this Exchange Offer Memorandum, the Group has not been subject to investigations, disciplinary actions or administrative penalties, for the above transactions. However, the Group cannot assure you that it will not face more stringent regulatory scrutiny in the future. Any failure to comply with such regulatory requirements may subject the Group to, among others, rectifications, warnings and penalties, and may harm the Group's reputation and materially and adversely affect the Group's results of operations and financial condition.

***The success of the Group's asset management business relies on its ability to continue to discover new enterprises or projects with short-term liquidity issues, develop new types of private funds and raise funds from other third parties.***

The Group conducts private fund management business and earns management fees, which are calculated as a percentage of the AUM, as well as performance fees, which are calculated as a percentage of investment returns.

The Group's private fund management business primarily includes urbanisation which are utilised to restructure the debts of local governments and their financing vehicles. Considering that local governments and their financing vehicles have carried out debt restructuring through other means recently and how they will restructure the debts in the future will be subject to the policies and market environment by then, the Group expects that it will determine whether to continue managing such type of fund based on demands and prevailing market conditions after the expiration of current urbanisation funds, given the uncertainties it involves. In order to keep and enlarge the scale of the Group's AUM, the Group needs to continuously discover new enterprises or projects with short-term liquidity issues and develop other types of private funds, including industrial funds, public-private partnership funds and equity funds and failure to do so could materially and adversely affect the financial condition and results of operations of the Group.

In addition, the Group's ability to raise funds for the Group's asset management business depends on a number of other factors, many of which are beyond the Group's control. Limitations on investment options and hedging strategies, market volatility, as well as adverse economic conditions could limit the Group's ability to provide stable returns for the Group's clients. Any mistake in the Group's management of the Group's private funds, or unwise investment decisions the Group may make based on inaccurate assessment of the market and economy conditions or otherwise, could result in poor performance of the Group's private funds. The Group's investors and potential investors continuously assess the Group's private fund management performance by taking into account the market benchmarks and performance of the Group's competitors. If the Group fails to outperform the Group's competitors or market benchmarks, the Group's clients may reduce or withdraw their investments from the Group's private funds prior to the expiry dates or may not make new investments in the Group's future private funds. The Group's clients may also reduce or withdraw their investments from the Group's private funds due to market volatility and unfavourable economic conditions as well as when their investment objective is satisfied. In the event of any circumstances above, the Group may fail to retain existing clients and obtain new clients. As a result, both the Group's management fees and performance fees may decline, and the Group's competitiveness, results of operations and financial condition may be materially and adversely affected.

***The Group's distressed asset investment business is affected by factors beyond the Group's control, which could have a material adverse effect on the Group's business, financial condition and results of operations.***

The Group provides financing to the Group's clients with short-term liquidity issues through various debt investments, including trust loans, securities-backed lending, bridge loans and private debt funds. The Group also provides financing to the Group's clients with short-term liquidity issues through equity investments. Although the Group has established a systematic financial investment risk management system whereby the Group's risk management department and operation decision-making committee will conduct independent review and the Group's business department in charge of the relevant projects carries out ongoing evaluations and post-investment management, the repayment capabilities or profitability of the investee companies in these projects depend on their operating conditions, and such conditions will be affected by various factors such as the macro-economy, legal regulation and operating environment, which are beyond the Group's control. If the operating conditions of these investee companies experience material deterioration which is out of the Group's anticipation, the Group may not be able to recover the principal amount of the foregoing investments and the returns thereof as scheduled or expected, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's distressed asset investment business targets different types of enterprises in various sectors. The Group may not be able to recognise or identify all the external contingent liabilities involved by such enterprises, or at all, during the Group's due diligence process. The personal subjective intention of the beneficial owner of the enterprises is unforeseeable and beyond the Group's control as well. Furthermore, the projects under the Group's distressed asset investment business may involve the need for government coordination due to the government policy adjustments as a result of historical reasons or long-time span. For example, the enterprises in real estate industry sometimes face the situation that the original design of properties cannot meet the current policy requirements and pass the inspection due to the adjustments on fire protection policies. Any of the foregoing situations could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, the Group customarily invests a small proportion in the private funds under the Group's management. The Group's private fund management business covers both equity and debt investment. Making an accurate investment decision requires the Group to carefully identify and select a target company based on its business, financial condition, operations and condition of the industry in which it operates and assess the target company's profitability and sustainability. The Group may fail to make sound investment decisions due to a variety of reasons, including fraudulent and concealed, inaccurate or misleading statements from a target company in the course of the Group's due diligence, making the wrong assumptions relating to the prospects of a target company, among other things, which could lead to bad assessment of the value of the target company and affect the Group's ability to make profit from such investments. In addition, the Group's understanding of, and judgement on, the industry in which the target company operates its business may deviate and result in inaccurate investment decisions. Furthermore, the Group's private fund portfolio companies may fail to meet their obligations under the agreements entered into with the Group, which could result in deterioration in the value of the Group's investments. In such cases, the business, financial condition and results of operations of the Group's financial investment in connection with the Group's private fund business could be materially and adversely affected.

***The Group's controlling shareholders have pledged a significant portion of its equity interests in the company to secure certain loan facilities.***

As at the date of this Exchange Offer Memorandum, Anhui Boya Investment Co., Ltd. (安徽博雅投資有限公司), Wuhu Houshi Trading Co., Ltd. (蕪湖厚實商貿有限公司) and Shenzhen Langrun Group Co., Ltd. (深圳市朗潤集團有限公司), the Group's controlling shareholders, beneficially owned 1,458.5 million shares, representing approximately 52.2 per cent. of the Company's outstanding capital stock and as collateral, Mr. Li Houwen and Ms. Liu Yang, through Anhui Boya Investment Co., Ltd. (安徽博雅投資有限公司), Wuhu Houshi Trading Co., Ltd. (蕪湖厚實商貿有限公司) and Shenzhen Langrun Group Co., Ltd. (深圳市朗潤集團有限公司), pledged 72.2 per cent. of their shares of the Company to secure loans of third parties. In addition, as some of the Company's shares have been pledged by certain shareholders for provision of guarantee to third parties, some of the Company's shares held by Mr. Li Houwen and Ms. Liu Yang are currently involved in proceedings arising from financial disputes. As at the date of this Exchange Offer Memorandum, 29.8 per cent of the Company's shares held by Mr. Li Houwen and Ms. Liu Yang are frozen under enforcement actions. Any acceleration or default under such loan facilities could potentially result in a change of control of the Company.

In addition, a change of control of the Company, which may have been defined differently under the Group's various loan agreements, may constitute a default under such loan agreements, which could potentially trigger cross default provisions in other financing agreements, including the Bonds. If the Group is required to repay a significant portion or all of its existing indebtedness prior to their maturity or if the Group is unable to borrow additional amounts under existing credit facilities, the Group may lack sufficient financial resources to make these

payments or to fund other cash requirements, which would have a material adverse effect on the Group's financial condition, results of operations and business prospects.

***Any strategic investment that the Group undertakes may not yield the expected results and benefits, which may adversely affect the Group's liquidity, financial condition, results of operations and prospects.***

The Group has made sizeable equity investments in other companies. As at 31 December 2021, 2022 and 2023, the Group's long-term equity investments amounted to RMB1,775.6 million, RMB6,800.7 million and RMB7,827.6 million, respectively, representing 13.2 per cent., 52.9 per cent. and 70.0 per cent. of the Group's total assets as at the corresponding dates. The Group's investment returns are affected by a number of factors including financial or economic conditions and market volatility, the deterioration of which may reduce the value of the Group's investment positions. The financial condition and performance of the Group's investees could materially and adversely affect the Group's results of operation and financial condition. For example, one of the Group's investees, Chang An Property and Liability Insurance Ltd. (長安責任保險股份有限公司) ("**Chang An Insurance**"), incurred net losses from 2021 to 2023 due to the substantial insurance reimbursement claims in its guarantee and credit insurance business. As a result, the Group recorded losses for the years ended 31 December 2021, 2022 and 2023 related to its investment in Chang An Insurance. There is no assurance that Chang An Insurance is able to effectively manage its business and become profit-earning or any of the Group's other investees would perform well in the future. Failure to do so may adversely affect the Group's liquidity, financial condition, results of operations and prospects.

***The Group may encounter difficulty when developing new businesses and expanding into new markets, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.***

The Group may continue to, as permitted by the PRC regulatory authorities, develop new businesses and expand into new markets, including PRC market outside Anhui province and overseas market. In expanding the Group's business lines and geographical markets, the Group has entered into and will continue to enter into businesses and markets in which the Group has limited, or no, operating experience. As a result, the Group may not be able to attract a sufficient number of new clients and business partners due to the Group's limited coverage and brand recognition in such new businesses and markets, and the Group may fail to effectively compete in such new businesses and markets. In addition, such expansion may continuously subject the Group to risks and challenges inherent in operating in new businesses and markets, including but not limited to:

- failure to obtain and renew government approvals, permits, licences or documents in a timely manner or at all;
- insufficient experience, expertise and skills in establishing and managing new businesses and dealing with new counterparties and clients;
- failure to achieve investment returns from new businesses and/or markets;
- possibility of cost overruns and other operating difficulties;
- insufficient management resources, difficulties in recruiting and retaining qualified personnel, as well as potential increases in labour costs;
- difficulties in complying with local legal and regulatory requirements, including labour, industrial and tax regulations;
- lower than expected demand and lack of acceptance by local customers of, or compatibility issues with, the Group's services;
- higher sales and marketing costs;
- failure to make accurate analysis or judgement on market conditions of new businesses and/or markets;
- stricter regulation and increased credit risk, market risk and operational risk;
- reputational concerns arising from dealing with new counterparties and customers who are less familiar to the Group and may lack experience;
- failure to obtain sufficient financing from internal and external sources to support the Group's business expansion;

- difficulty in implementing internal control and risk management policies in new businesses and markets;
- failure to enhance the Group's risk management capabilities and IT systems in a timely manner to support new businesses and a broader range of geographical markets;
- lack of understanding of the local cultural, commercial and operating environment, as well as the financial, management or legal systems in the relevant jurisdictions; and
- political, regulatory or macroeconomic environment and potential foreign exchange differences outside the PRC.

If the Group is unable to manage the risks resulting from, or if the Group is unable to achieve the expected results with respect to, the Group's expansion into new businesses and markets, the Group's business, reputation, financial condition and results of operations may be materially and adversely affected.

***The Group's business operation is subject to credit risk.***

A substantial portion of the Group's asset portfolio consists of distressed assets that the Group acquired from financial institutions or non-financial enterprises. A portion of such distressed assets are not secured by sufficient collateral and guarantees. See “– *If the Group is unable to maintain the quality of the Group's distressed asset portfolio, the Group's business, results of operations and financial condition may be materially and adversely affected*”. As a result, the Group is susceptible to credit risks associated with the deteriorating credit quality of the relevant debtors. Losses may occur due to defaults of debtors.

The Group is exposed to credit risk with respect to the debt investment in the Group's distressed asset investment business. These financial assets may also be subject to price fluctuations as a result of the financial market's assessment of the debtor's creditworthiness, delinquency and other factors. In addition, the Group may not have sufficient access to financial instruments to effectively mitigate the Group's investment risk. If the Group's credit exposure becomes overly concentrated in terms of limited asset portfolios, asset types or number of third parties, or if the Group fail to effectively manage the Group's credit exposure, the volatility of any negative impact of credit exposures could be magnified, and as a result, the Group may experience significant financial losses that could materially and adversely affect the Group's business, financial condition and results of operations.

***Significant interest rate fluctuations could have a material impact on the Group's financial condition and results of operations.***

The Group's financial condition and results of operations are subject to interest rate risks, primarily associated with the Group's interest income and interest expenses. The profitability of the Group's business is sensitive to interest rate fluctuations.

- *Distressed asset management business.* The Group generally adopts fixed-return rates for restructuring agreements in connection with distressed assets classified as debt investments. While the Group takes into account the prevailing interest rates in the market when the Group determines the return ratios, the Group generally may not be able to adjust the return ratios in line with changes in the market after the Group acquires such assets. Such arrangement would prevent the Group from increasing the return ratios when the market interest rates increase. The Group makes interest payments on the Group's borrowings from commercial banks and other financial institutions. A majority of the outstanding borrowings carry interest at fixed rates during their terms. If the increases in the return ratios of the Group's distressed assets are lower than those in the interest rates of the Group's borrowings, the Group's profit margin will decrease.
- *Financial investment and advisory business.* The Group's financial investment and advisory business, including distressed asset investment, may be adversely affected by significant interest rate fluctuations. The Group invests in subject enterprises through the Group's financial investment and advisory business in order to achieve a fixed return. An increase in market interest rates may cause the prices of the Group's fixed income investment to decrease, and the Group's financial investment business may be materially and adversely affected.

Interest rates are highly sensitive to a number of factors, including the monetary and tax policies, domestic and international economic and political considerations, trade surpluses and deficits, regulatory requirements and other factors beyond the Group's control. The PRC government may implement further measures in response to changes in the macroeconomic environment, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's business operation is exposed to market risk.***

The Group's distressed asset management business is exposed to risk arising from fluctuations in the distressed assets acquisition and disposition market. The higher acquisition cost in the acquisition of distressed assets market or the downturn of the disposal of distressed assets market may result in a decrease in the profit margin of the Group's distressed asset management business. As a result, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

Certain of the Group's assets, such as part of the Group's held-for-trading financial assets, are valued at market prices. If the held-for-trading financial assets devalue significantly and the Group's management considers that the devaluation is not temporary, losses from changes in fair value may be recognised. Such estimates are based on judgements which involve the assessment of various factors. The recognition of losses may have a material adverse impact on the Group's results of operations.

***The Group's business operation is exposed to liquidity risk.***

The Group's business is capital intensive and requires a significant amount of cash. As a result, sufficient liquidity is crucial to the Group's business operations. The Group will satisfy the liquidity requirement mainly through cash from its operating activities and debt financings. Any decline in the Group's liquidity level may impair the confidence of the Group's customers or counterparties, which may result in loss of business and customers.

Factors which may materially and adversely affect the Group's liquidity level include unfavourable changes of macroeconomic environment and policies, adverse changes in the capital markets, the Group's failure to maintain existing and future financing arrangements on commercially acceptable terms, decreases in recovery of cash from disposal of distressed assets, failure to realise the value of invested financial assets at a reasonable price, concentrated holding of certain assets or asset categories, mismatching of assets and liabilities maturity, tightened regulatory requirement, other changes in regulations or weakened market and customer sentiments. If the Group is unable to generate sufficient cash from operating activities to meet the Group's liquidity needs, the Group would be required to seek external financing. Failure to obtain sufficient financing at a reasonable capital cost in time may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's business operation is exposed to operational risk.***

The Group's business operations depend, to a large extent, on the proper operation of business, accounting and other data processing systems, and the proper handling of documents relating to the Group's business, finance and operation, by the Group's staff. If the Group's staff makes any mistake in operating data processing systems or handling documents, the Group may suffer from business disruption, financial loss, intervention by regulatory authorities and reputational loss. Although the Group provides regular training on the management of operational risk to the Group's staff, the Group cannot assure you that it will not make any operational errors. If any operational errors occur, the Group may not be able to identify or rectify these operational errors and solve the problems caused thereby in a timely manner, or at all. Such problems may include failure to carry out the operation of key business, wrong execution or delay, impairing the Group's ability to monitor and manage data or non-compliance with regulatory requirements. If the Group cannot solve these problems in a timely manner, the Group's business, financial condition and results of operations may be materially and adversely affected.

***The Group's risk management policies and procedures and internal controls, as well as the risk management tools available to the Group, may not be adequate or effective in identifying or managing risks to which the Group is exposed.***

The complexity of the Group's operations and services exposes the Group to various risks, including credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk and other risks. The Group has established risk management and internal control systems and procedures to manage potential risks associated with the Group's business, and the Group has been dedicated to continuously improving these systems and procedures. However, the design and implementation of such systems and procedures are restricted by the information, tools and technologies available to the Group, and the Group's systems and procedures may not be adequate or effective in identifying or mitigating the Group's risk exposure in all market environments or protecting the Group against all types of risks. The Group's risk management and internal control systems require constant monitoring, maintenance and improvements. The Group's efforts to maintain these systems and procedure may be ineffective or inadequate.

The effectiveness of the Group's risk management and internal control systems and procedures may also be adversely affected by misjudgement, clerical mishandling and errors, reporting errors or the Group's limited experience or resources in making accurate, complete, up-to-date or proper evaluations. Many of the Group's methods for managing risk exposure are based upon observed historical market behaviour or data. As the Group has a limited operating history and the Group plans to expand into new businesses and markets, future risk exposure

can be significantly greater than what these methods have historically estimated. Moreover, the information and empirical data that the Group relies on may quickly become obsolete because of market and regulatory developments, and the Group's historical data may not be able to adequately reflect risks that may emerge from time to time in the future.

In addition, the restrictions on the types of financial instruments the Group may use to mitigate different risks affect the Group's risk management capability and effectiveness. As a result, the Group may be unable to take timely and appropriate measures to manage the Group's risks due to the limited risk management methods available to the Group.

The Group cannot assure you that its risk management and internal control systems are adequate and effective. If the Group fails to address any internal control matters and other deficiencies in a timely and effective manner, such matters or deficiencies may result in investigations, disciplinary actions or even prosecutions being taken against the Group or the Group's employees, or disruption to the Group's risk management system, any of which may have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's operations depend on key management and professional staff and the Group's business may be materially and adversely affected if the Group is unable to recruit, train or retain a sufficient number of qualified employees.***

The success of the Group's business, to a large extent, depends on the Group's ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in, the financial industry. These key personnel include, among others, the chairman of the Board, Mr. Li Houwen, professional staff in the distressed assets industry, experienced fund managers and finance professionals, product development personnel, research analysts, marketing and sales staff, financial personnel, legal professionals, risk management personnel, IT specialists and other operational personnel. If any of the Group's senior management or other key personnel joins the Group's competitors or establishes a competing business, the Group may lose some of its clients, which may have a material adverse effect on the Group's business. As a result, the Group devotes considerable resources to recruiting and retaining these personnel. However, the market for quality professionals is highly competitive and the Group faces increasing competition in recruiting and retaining these individuals as other AMCs and financial institutions are vying for the same pool of talent. In the face of such intense competition for talent, the Group may need to offer better compensation and other benefits to recruit and retain qualified professionals and additional costs may be incurred. The Group's business and financial condition could suffer materially if the Group is unable to retain the Group's management team, including the Group's senior management, operating management and other high-quality personnel, or replace them upon their departure in a timely manner.

***Failures of or inadequacies in the Group's IT systems may have a material adverse effect on the Group's business, financial condition and results of operations.***

The Group's operations depend heavily on the Group's business, accounting and other data processing systems. The failure of normal operation or even inability in operation of any of such systems may expose the Group to financial losses, business disruption, reputational damage or intervention of regulatory authorities.

The Group's business processing, accounting, financial controls, risk management, and customer service are dependent on the proper functioning of the Group's IT systems and communication networks and those of certain third parties. If the fundamental systems which support the Group's business suffer from malfunction or disruption, including system problems or a communication disruption of the Group's systems or the systems of any third parties the Group engages, the Group may be indirectly affected, which may have a material adverse effect on the Group's ongoing business. These failures could be caused by, among other things, hardware failure, software programme errors, computer virus attacks, network failure, conversion errors due to system upgrading or system relocation, failure to implement new IT initiatives, human errors, natural disasters, war, terrorist attacks, blackouts, and unanticipated problems of facilities, many of which are beyond the Group's control. Although the Group backs up the business data regularly and the Group has established a same-city backup centre as well as an offsite backup centre in Shenzhen for disaster recovery, any prolonged disruption to or malfunction in the operation of the Group's IT systems could limit the Group's ability to monitor and manage data, control financial and operational conditions, monitor and manage the Group's risk exposures, keep accurate records, provide high-quality customer service and develop and sell profitable products and services. Recovery from such disasters may be unable to mitigate the Group's losses incurred during such malfunction or disruptions. In addition, insurance or other precautionary measures may only partly, if at all, mitigate the Group's losses.

The Group updates its IT systems and introduces new IT systems from time to time. However, delays, system failures or other accidents may occur during such system upgrades or introduction of new systems. In addition, the upgraded or new IT systems may not be able to achieve the anticipated processing capacity and availability, and may also not be able to meet the needs of the Group's business growth in the future. The Group's failure to address

these problems promptly, including any delay in the implementation of any upgraded or new information systems, could result in the Group's inability to perform, or delays in performing, critical business operational functions, the loss of key business data or failure to comply with regulatory requirements, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group has limited insurance coverage for its operations in China, which could expose it to significant costs and business disruption.***

The Group does not maintain any business interruption insurance or litigation risks insurance, which are not mandatory under PRC laws. The Group does not maintain key man insurance, insurance policies covering damages to the Group's network infrastructures or information technology systems or any insurance policies for the Group's properties. Any occurrence of these events may result in interruptions of the Group's operations and subject the Group to significant losses or liabilities. The Group cannot assure you that it will be able to successfully obtain insurance to prevent the Group from any loss that the Group may face on a timely basis, or at all. Furthermore, the Group cannot guarantee that the Group will be able to obtain sufficient liability insurance in the future on commercially reasonable terms or the Group's insurance coverage will be adequate to fully protect the Group from claims of all kinds. As a result, the Group's business, financial condition and results of operations could be materially and adversely affected.

***The Group's business may be affected by an outbreak, or threatened outbreak, of any severe contagious disease which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.***

The Group's businesses could be adversely affected by the effects of force majeure events, natural disasters, catastrophes, epidemics and other outbreaks, such as the coronavirus (COVID-19), avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola and other acts of God which are beyond their control. Any such occurrences could adversely affect the Group's business operations, cause delays in the Group's projects, increase the costs associated with its operations and could in turn, materially and adversely affect its revenue, profit and cash flows and, accordingly, negatively impact its ability to repay any debt.

From 2020 to 2022, in response to the COVID-19 pandemic, the PRC government implemented a series of restrictive measures to combat the spread of the virus. Since December 2022, the PRC government had gradually lifted the strict COVID-19 restrictions for travel in and out of the country, which has led to increases of COVID-19 cases in the PRC. It is uncertain whether there will be any further waves of COVID-19 outbreaks in the PRC or any other part of the world, resulting . A prolonged outbreak of COVID-19 has had and may continue to have a material adverse impact on the PRC's economy, the global economy and financial markets in general, which in turn could materially and adversely affect the Group's business, financial condition and results of operations. In addition, some of the Group's contracts may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

***The Group is subject to various regulations of PRC regulatory authorities and the Group may be subject to regulatory proceedings from time to time.***

The Group's distressed asset management business is primarily regulated by the Anhui Financial Work Office and is subject to the supervision of the CBIRC and the MOF as well. The Group's asset management under private fund management business and other businesses is subject to the supervision of the CSRC and its branches and the AMAC. The Group's financial investment under private fund management business and other businesses is subject to the supervision of the Anhui Financial Work Office. The Group's other businesses are subject to supervision of various authorities, including but not limited to Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration and Shenzhen Financial Services Office. These regulatory authorities impose requirements on the Group's businesses in various aspects, including the paid-in capital, qualification of key personnel, internal control and risk management systems, types of products and services offered as well as investment portfolios. Compliance with applicable laws, regulations, rules and policies, to a certain extent, may restrict the Group's business activities and require the Group to incur increased expenses, restate or write down the value of the Group's assets or liabilities, and devote considerable time and resources to such compliance.

The Group cannot assure you that It can meet all the applicable regulatory requirements, or comply with all the applicable regulations or guidelines at all times, nor can the Group assure you that the results of inspections by

regulatory authorities will not have any adverse effect on the Group. Failure to meet all the applicable regulatory requirements may result in sanctions, fines, penalties or other disciplinary actions, including limitations or prohibitions on the Group's future business activities, which may limit the Group's ability to launch new businesses and harm the Group's reputation, and consequently materially and adversely affect the Group's results of operations and financial condition.

***The Group may not be able to detect money laundering and other illegal or improper activities in its business operations on a timely basis.***

The PRC Anti-money Laundering Law (中華人民共和國反洗錢法) requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. The Group has established relevant internal control policies and procedures on anti-money laundering applicable to the Company and its subsidiaries to meet related regulatory requirements. For example, the Group's inspection and audit department is responsible for the anti-money laundering work, and the other departments will report authentication of clients' identity and suspicious high-volume transactions to it for review. The Group's inspection and audit department shall report any transaction that is suspicious to constitute money laundering activities in its view to the Group's general manager and chairman of the Board. Upon approval from the risk management committee of the Board, the Group's inspection and audit department shall report such suspicious activities to the authority in time and inform local public security bureau in written as necessary. However, the Group's existing policies and procedures for the detection and prevention of money laundering activities and terrorism-funding activities have only been adopted for a short period of time and may not completely eliminate instances in which the Group may have been used by other parties to engage in money laundering and other illegal or improper activities. If the Group fails to fully comply with applicable laws and regulations, the relevant government authorities may freeze the Group's assets or impose fines or other penalties on the Group. The Group cannot assure you that there will not be failure in detecting money laundering or other illegal or improper activities which may adversely affect the Group's business, reputation, financial condition and results of operations.

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

The Group may encounter fraud or other misconduct committed by its employees, agents, intermediaries, customers or other third parties, which could result in violations of laws and regulations by the Group and expose the Group to regulatory sanctions. Even if such instances of misconduct do not result in any legal liabilities on the Group, they could cause serious reputational or financial harm to the Group. Misconduct could include, but may not be limited to, contract fraud.

The Group's internal control procedures are designed to monitor the Group's operations and ensure overall compliance. However, the Group's internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to detect and prevent such activities may not be fully effective. The Group cannot assure you that a fraud or other misconduct will not occur in the future. The Group's failure to detect and prevent a fraud and other misconduct in a timely manner may have a material and adverse effect on the Group's reputation, business, financial condition and results of operations.

***The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.***

Save as disclosed herein, the Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

***The Company has published and may continue to publish financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place undue reliance on the Company's unaudited and unreviewed financial information.***

The Company from time to time issues corporate bonds and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Company needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term financing bills. After the Bonds are issued, the Company is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial

statements and certain unaudited and unreviewed interim financial statements. The quarterly and/or half year financial information published by the Company in the PRC is normally derived from the Group's management accounts and has not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Company's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and its audited or reviewed financial statements to be provided to holders of the Bonds.

***Changes in accounting standards or policies may materially affect the Group's financial condition and results of operations.***

Financial accounting and reporting standards as well as relevant interpretation, which govern the form and content of the Group's financial statements, are subject to changes from time to time. Such changes are beyond the Group's control and can be difficult to predict, and may materially impact how the Group record and report the results of the Group's operations, for example, the Group may be required to apply a new or a revised standard retroactively, leading to material changes to previously reported financial results.

The 2022 Audited Financial Statements were subject to, and were prepared in accordance with the new accounting standards and policies by the MOF, namely (i) Interpretation No. 15 of the Accounting Standards for Business Enterprises by the MOF with effect from 1 January 2022, (ii) Notice by the MOF of Issues Concerning the Application of the Provisions on the Accounting Treatment of the COVID-19 Pandemic-Related Rental Concessions (财政部关于适用《新冠肺炎疫情相关租金减让会计处理规定》相关问题的通知) with effect from 19 May 2022 and (iii) Interpretation No. 16 of the Accounting Standards for Business Enterprises by the MOF with effect from November 30, 2022. The Group is not required to and it did not retrospectively adjust the consolidated financial information as at and for the year ended 31 December 2021. As a result, certain consolidated financial information of the Guarantor as at and for the year ended 31 December 2021 may not be directly comparable to that as at and for the year ended 31 December 2022 and 2023. For more information, please refer to "Notes to the Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 26. Changes in Significant Accounting Policies and Accounting Estimates" to the 2022 Audited Financial Statements.

Any future changes on the Group's accounting policies may have material impact on the Group's financial condition and results of operations. Investors must therefore exercise caution when evaluating the Group's financial condition and results of operations.

## **RISKS RELATING TO THE FINANCIAL INDUSTRY IN THE PRC**

***Fluctuations in the macroeconomic and market conditions could materially and adversely affect the Group's business.***

The Group's business is inherently subject to general macroeconomic conditions and policies and market fluctuations, including financing cost and the volatility of interest rates, inflation, availability of short-term and long-term financing sources, upward and downward trends in the industrial and financial sectors, monetary and fiscal policies, foreign exchange policies and currency fluctuations, taxation policies and other macroeconomic policies, as well as laws and regulations affecting the financial industries.

The complex economic and financial environment has had and may continuously have adverse impact on investors' confidence and the financial market. Concerns about economic downturn, deflation, unemployment, supply of credit, price of funds, consumer confidence, fluctuation of the capital market, solution to excess capacity and the cyclical fluctuation of some industries may all have adverse impact on the Group's businesses.

Although the structural transformation and development of the PRC economy provides opportunities for the Group's businesses, adverse financial or economic conditions could adversely affect the Group's businesses, in particular:

- the value of the Group's asset portfolio, including distressed assets and financial investments, is closely correlated with monetary policies and credit supply, performance of capital markets and the market prices of relevant products or services. Adverse economic and market conditions could negatively affect the value and returns on the Group's distressed assets and financial investments, which could affect the Group's profitability, limit the Group's liquidity and reduce the Group's possibility to realise gains and opportunities to exit from the Group's investments;

- Due to the influence of the real estate industry cycle, income from distressed asset management business, urbanisation funds involving the real estate industry decreased;
- The downward trend of macro-economy of the PRC and the adverse market condition may make the Group's customers cut down the trade volume and investment and financing activities, which may have adverse impact on the Group's distressed asset management business urbanisation funds;
- unfavourable economic and market conditions may increase the risk of default in the distress asset investment business; and
- adverse economic conditions could affect the Group's ability to effectively deploy capital as well as the Group's ability to raise new funds and attract new investments.

If the adverse financial and economic conditions continue, the Group's business, results of operations and financial position could be materially and adversely affected.

***The Group faces uncertainties associated with the government policies and initiatives to promote the development of Anhui province.***

In 2014, the PRC government chose Anhui province to be one of the first five provinces to develop local AMCs, and the Company became the first privately-controlled local AMC in China. The Group conducts most of the businesses in Anhui province. Accordingly, the Group's business, financial condition, results of operations are, to a material extent, subject to the economic and government policies developments and initiatives in Anhui province.

The PRC government has in the past implemented policies in support of economic development of Anhui province and the Group has in the past benefitted from these favourable government policies and the business opportunities presented in connection with local economic growth. However, the Group cannot guarantee that the government will maintain its favourable policies in promoting the development of Anhui province. Any discontinuation or unfavourable change in such policies may materially and adversely affect the Group's business, financial condition and results of operations.

***The Group faces intense competition in the PRC financial industry and the Group's business could be materially and adversely affected if the Group is unable to compete effectively.***

For the Group's distressed asset management business, the Group primarily competes with the Four AMCs and other local AMCs. The distressed asset management industry in the PRC had been dominated by the Four AMCs for decades. Therefore, the Four AMCs have more experience than the Group. In addition, the Four AMCs have access to lower cost of financing as they are permitted to engage in inter-bank borrowing and issue financial bonds, and have higher credit ratings. The Group also faces increasing competition from other local AMCs approved to engage in the business of bulk acquisition of FI Distressed Assets. Other local AMCs may have a more established presence in certain areas and more management and technology resources than the Group does. Furthermore, though the commercial banks are required to transfer large amounts of distressed assets to the Four AMCs and local AMCs, other types of sellers of distressed assets can sell their distressed assets to parties other than AMCs. The Group competes with the competitors engaging in the distressed asset management business mainly in acquiring distressed assets from financial institutions and non-financial enterprises. Such competition may materially and adversely affect the Group's distressed asset operations business by reducing the Group's market shares, the size of the Group's distressed asset portfolios and the Group's revenue from disposal of distressed assets, and increasing the asset acquisition costs, marketing expenses and competition for middle-level and senior management personnel and qualified professional talents.

The Group also competes with financial institutions in private fund management and distressed asset investment businesses. The Group competes with these competitors in terms of brand recognition, market shares, marketing capability, quality of service, pricing and the range of products and services offered. If the Group fails to effectively compete with the Group's competitors, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The financial industry in the PRC is strictly regulated, and the Group's business, financial condition, results of operations and future prospects may be materially and adversely affected by regulatory changes, the adoption of new regulations or policies, and the interpretation and application of existing and new regulations or policies.***

The PRC financial industry is strictly regulated. AMCs, including their branches and subsidiaries, are subject to regulation in various aspects, including the scope of operations for distressed asset management business and the specific regulatory requirements for asset management business.

As the PRC financial industry is undergoing significant changes, relevant laws and regulations may change at any time based on developments in the financial markets. Most of the emerging businesses require further development and improvement and there are uncertainties regarding the enforcement of existing regulations and policies in relation to these new businesses. The Group cannot assure you that the Group will be able to adapt to all such changes on a timely basis. Any changes in laws, regulations, rules and policies of the PRC relating to the financial industry may have a material and adverse effect on the Group's business, financial condition and results of operations. In addition, new PRC laws, regulations, policies or accounting standards intended to regulate local AMC's may restrict or prohibit certain businesses the Group is currently operating or businesses the Group plan to develop, impose capital adequacy or other regulatory indicators on the Group or change the way local AMC's are operated. Furthermore, there may be uncertainties regarding the interpretation and application of new PRC laws, regulations, policies or accounting standards. Failure to comply with such laws, regulations, policies or accounting standards in the future may result in fines and restrictions on the Group's business operations, which could also have a significant impact on the Group's business, financial condition and results of operations.

For example, on 5 July 2019, the General Office of the CBIRC issued the Notice on Strengthening the Supervision and Administration of Local AMC's (關於加強地方資產管理公司監督管理工作的通知 (銀保監辦發[2019] 153 號)) (the "Circular 153"), which came into force on the same day. Under the requirement of "returning to the origin and focusing on the main business" in the Circular 153, local AMC's shall insist on compliance with laws and regulations and steady business operation, and carry out acquisition and disposition of non-performing assets by market-oriented means, under legalization principle, and by professional means, primarily aiming at preventing and mitigating regional financial risks, maintaining the economic and financial order, and supporting the development of the real economy. The Group believes its current business is in compliance with the Circular 153 in all material aspects, but as mentioned above, there are uncertainties regarding the interpretation and application of the Circular 153. A more rigorous interpretation and application of the Circular 153 may have a significant impact on the Group's business, financial condition and results of operations.

## **RISKS RELATING TO THE PRC**

### ***PRC's government control of foreign currency may limit the Group's foreign exchange transactions.***

The Group's revenues and expenses are primarily denominated in Renminbi, and a minority of revenues and expenses are denominated in HKD and U.S. dollar, and remittance of foreign currencies is subject to PRC laws and regulations that affect exchange rates and foreign exchange transactions. Under the current PRC foreign exchange control system, foreign exchange transactions under the Group's current account do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks, while capital account items are still subject to SAFE approvals.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC government may restrict future access to foreign currencies under current or capital account transactions at its discretion. A change in policy could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the SAFE. Failure to obtain approval from the SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group was unable to obtain sufficient foreign currency, it might not be able to pay interest to the holders of the Bonds in foreign currencies.

### ***China's economic, political and social conditions, government policies, as well as the global economy may continue to affect the Group's business.***

Substantially all of the Group's businesses, assets, operations and revenues are located in or derived from the Group's operations in the PRC and, as a result, the Group's business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the PRC's macro economy through the fiscal and monetary policies.

The PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has taken various actions to introduce market forces for economic reform, to reduce state ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC are still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the economy and the industries by issuing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, the monetary policy and preferential treatments to particular industries or enterprises.

The Group's performance has been and will continue to be affected by China's economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. The growth of China's real GDP amounted to 8.4 per cent., 3.0 per cent. and 5.2 per cent. in 2021, 2022 and 2023, respectively.

The Group is unable to predict all the risks and uncertainties that the Group faces as a result of current economic, political, social, and regulatory developments and many of these risks are beyond the Group's control. All such factors may adversely affect the Group's business and operations as well as the Group's financial performance.

***Interpretation and implementation of PRC laws and regulations involves significant uncertainties.***

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value. Since 1979, the Chinese legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, these laws and regulations involve significant uncertainties. As the Chinese legal system develops, there is no assurance that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material adverse effect on the business operations.

In addition, many of the PRC laws and regulations are relatively new and evolving, subject to different interpretations, and may be inconsistently implemented and enforced. Only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation, implementation and enforcement of PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to investors, and can adversely affect the value of Bondholders' investments.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in China, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the Bondholders.

***The legal protections available under the PRC legal system may be limited.***

The Company is incorporated under the laws of the PRC. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organisation and governance, commerce, taxation, and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new and the development of products, investment instruments, and environment in the PRC financial industry continue to evolve, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available under the PRC legal system may be limited.

***It may be difficult to effect service of legal process and enforce judgements against the Group and the Company's management.***

The Company is a joint stock company incorporated under the laws of the PRC with limited liability, and substantially all of the Group's assets are located in the PRC. In addition, a majority of the Company's directors, supervisors, and all of the Company's senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon the Group or most of the Company's directors, supervisors and senior management personnel, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgements awarded by courts of the United States, the United Kingdom, Japan, or most other European countries. As a result, recognition and enforcement in the PRC of judgements of a court obtained in the United States and any of the other jurisdictions mentioned above in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

***Fluctuations in foreign currency exchange rates could adversely affect the Group's business, financial condition and results of operations.***

From time to time, the value of the Renminbi against the U.S. dollar and other currencies fluctuates, and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBOC. The PRC government further reformed the Renminbi exchange rate regime in 2012 and 2014. On 11 August 2015, PBOC announced to improve the central parity of Renminbi against the U.S. dollar by authorising market-makers to provide parity to the China Foreign Exchange Trading Centre with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. As a result, in 2015, the value of the Renminbi depreciated approximately 5.8 per cent. against the U.S. dollar. On 30 November 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right ("SDR") and decided that with effect from 1 October 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of foreign exchange market and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further reforms to the exchange rate regime.

The Group believes its current exposure to risk relating to fluctuations in exchange rates is limited. As at 31 December 2023, approximately 2.5 per cent. of the Group's assets and approximately 19.0 per cent. of the Group's liabilities were denominated in foreign currencies. However, the Group's foreign currency business may expand, and therefore, any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may diminish the value of the Group's foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable. As the instruments available for the Group to hedge the Group's exchange rate risk at a reasonable cost are limited, the Group cannot assure you that the Group will be able to fully hedge the Group's exchange rate risk exposure relating to the Group's foreign currency-dominated assets. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may materially and adversely affect the financial conditions of the Group's customers, particularly those deriving substantial income from product exporting or related businesses, and in turn may impair their ability to perform their obligations to repay their debt to the Group. Furthermore, the Group may also be required to obtain approval from SAFE before converting large amounts of foreign currencies into Renminbi. All of these factors could adversely affect the Group's business, financial condition and results of operations.

***The PRC government's pilot plan to replace business tax with value-added tax (the "VAT") may subject the Group to more taxes, which could adversely affect the Group's business, results of operations and prospects.***

In November 2011, the MOF and the State Administration of Taxation (the "SAT") promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業稅改徵增值稅試點方案). Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, value-added tax ("VAT") gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in the PRC. Under the pilot plan, a VAT rate of six per cent. applies to certain modern service industries. On 23 March 2016, the MOF and the SAT promulgated the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-Added Tax to Replace Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (the "Circular 36"). Pursuant to the Circular 36, starting from 1 May 2016, the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis. On 19 November 2017, the Interim Regulations of the PRC on Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the PRC on Value added Tax, selling goods, providing labour services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to VAT. Although the VAT pilot programme is mainly intended to reduce double taxation under the business tax system, the Group may be subject to more taxes under the VAT pilot programme in connection with the Group's operations and activities in the PRC, which could adversely affect the Group's business, results of operations and prospects.

***There can be no assurance of the accuracy or comparability of the facts and statistics contained in this Exchange Offer Memorandum with respect to China, its economy or the relevant industry.***

The facts, forecasts and other statistics in this Exchange Offer Memorandum relating to China, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been

prepared or independently verified by the Group, the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, and, therefore, the Group, the Dealer Manager, the Existing Bonds Trustee, the Existing Bonds Agents, the Trustee, the Agents, the Information and Exchange Agent or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon.

Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

## **RISKS RELATING TO THE BONDS AND THE GUARANTEE**

### ***An active trading market for the Bonds may not develop.***

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors holds a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. For example, an initial investor who is an affiliate of the Guarantor is expected to subscribe for a significant portion of the aggregate principal amount of the Bonds. The existence of such significant holder may reduce the liquidity of the Bonds in the secondary trading market. If such holder sells a material portion of the aggregate principal amount of the Bonds at any one time, it may materially and adversely affect the trading price of the Bonds. Furthermore, any holder of a majority of the Bonds will be able to exercise certain rights and powers either on their own or acting in concert, which will be binding on all holders of the Bonds. Such holders or holders acting in concert will be able to control the outcome of votes on such matters. In addition, any holder that holds a significant portion of the Bonds, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by holders of the Bonds. Please see “*Decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of individual holders of the Bonds*”. Even if a market does develop, it may not be liquid and the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group’s operations and the market for similar securities. The Dealer Manager are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Dealer Manager. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Exchange Offer Memorandum), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

### ***The liquidity and price of the Bonds following the Exchange Offer may be volatile.***

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

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than the U.S. dollar would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Exchange Offer Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have the ability to understand and evaluate all information and materials with respect to the Issuer, the Guarantor and the Group, including those in the Chinese language;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

***The Guarantor's obligations under the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of each of the Guarantor's existing and future subsidiaries (other than the Issuer), and effectively subordinated to the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.***

The Issuer was established by the Guarantor for the purpose of issuing debt securities (including the Bonds) and will on-lend the gross proceeds from the issue of the Bonds to the Guarantor, which may in turn on-lend to other

members of the Group. Moreover, the Issuer may issue other bonds in the future and on-lend such proceeds to other entities. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Bonds will depend on its receipt of timely payments from the Guarantor under such loan arrangement.

The Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease liabilities, of the Guarantor's existing and future subsidiaries, whether or not secured. The Guarantor's obligations under the Guarantee will not be guaranteed by any of the Guarantor's subsidiaries, and the Guarantor's ability to make payments under the Guarantee depends partly on the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of such subsidiaries to pay dividends to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefor, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, upon that subsidiary's liquidation or reorganisation, will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Guarantor is a creditor of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease liabilities, of any of the Guarantor's subsidiaries (other than the Issuer) and any subsidiaries that the Guarantor may in the future acquire or establish. The outstanding indebtedness of the subsidiaries of the Guarantor may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries and joint ventures could be reduced in the future.

The Guarantee is the Guarantor's unsecured obligations and will (i) rank equally in right of payment with all the Guarantor's other present and future unsecured and unsecured indebtedness; and (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Guarantee only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Guarantor's other unsecured and unsecured creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

***If the Guarantor fails to submit the Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.***

Pursuant to the Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor is required to submit the Deed of Guarantee to SAFE for registration in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees. Although the non-registration does not render the Deed of Guarantee ineffective or invalid under PRC law, the Guarantor may not be able to go through the procedures for the purchase of foreign exchange and remittance to perform its obligations under the Deed of Guarantee, and SAFE may impose penalties on the Guarantor if registration of the Deed of Guarantee is not carried out within the stipulated timeframe. The Guarantor intends to complete the Cross-Border Security Registration with SAFE as soon as practicable and in any event on or before the Registration Deadline (being the day falling 120 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date). If the Cross-Border Security Registration is not completed on or before the Registration Deadline, the holder of a Bond will have the option to require the Issuer to redeem such Bond pursuant to Condition 6(c) of the Terms and Conditions of the Bonds. In addition, if the Guarantor fails to complete the Cross-Border Security Registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of the registration of the Deed of Guarantee with SAFE in order to effect such remittance, although this does not affect the validity of the Deed of Guarantee itself.

The interpretation of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Deed of Guarantee in the PRC. In addition, the administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the Deed of Guarantee with SAFE can be completed by the Guarantor or that such registration or submission will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Deed of Guarantee in the PRC.

***The Bonds and the Guarantee are unsecured obligations.***

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

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

***There may be less publicly available information about the Issuer and the Guarantor than is available in certain other jurisdictions.***

Each of the Issuer and the Guarantor is a private company, and therefore there is less publicly available information about the Issuer and the Guarantor. In addition, the financial information of the Guarantor included in this Exchange Offer Memorandum has been prepared in accordance with PRC GAAP which differs in certain respects from IFRS and generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this Exchange Offer Memorandum. There are no material differences between PRC GAAP and the IFRS with respect to the determination of the Group's financial position.

***The Audited Financial Statements included elsewhere in this Exchange Offer Memorandum are English translations of the Chinese versions of the Guarantor's Audited Consolidated Financial Statements.***

This Exchange Offer Memorandum contains the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023. Such consolidated financial statements are English translations of the Chinese versions of the Audited Financial Statements. There can be no assurance that the information contained in the English translations of such financial statements is accurate, truthful or complete. None of the Dealer Manager, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, has independently verified or checked the accuracy of the Financial Statements Translation and none of them can give any assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete.

***The Issuer may be treated as a PRC resident enterprise for PRC tax purposes and certain withholding taxes and value-added tax may be applicable.***

Under the EIT Law and the implementation rules, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes.

The implementation rules of the EIT Law define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation of the PRC ("SAT") specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises, which may be relevant for the tax authorities to determine whether the Issuer is a PRC resident enterprise for tax purposes. In July 2011, the SAT issued Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group, to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group".

As confirmed by the Issuer, as at the date of this Exchange Offer Memorandum, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC resident enterprise for the purpose of the EIT Law. There is no assurance that the tax authorities will not consider the Issuer a PRC resident enterprise in the future. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, the Guarantor will be obliged to withhold the aforementioned tax. Similarly, any gain realised by non-resident enterprise Bondholders from the transfer of the Bonds may be regarded as being derived from sources within the PRC and may accordingly be subject to a PRC withholding tax of up to 10 per cent., and any gain realised by the non-resident individual Bondholders from the transfer of the Bonds may be regarded as being derived from sources within the PRC and may accordingly be

subject to an up to 20 per cent. PRC withholding tax, unless there are tax treaties or arrangements between the PRC and those countries or areas which exempt or reduce such withholding tax.

On 23 March 2016, the MOF and the SAT issued the Circular 36, which introduced the VAT from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Guarantor and, if treated as a PRC resident enterprise, the Issuer, will be obligated to withhold VAT of 6 per cent. and certain local levies (as described below) on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

The Issuer and the Guarantor has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds*”. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow. It is unclear whether, if the Issuer is considered a PRC “resident enterprise”, the Bondholders might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

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

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

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Guarantor, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer or the Guarantor under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Issuer or the Guarantor, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor. See “- *Risks relating to the Group’s Business - Restrictive covenants contained in financing documents may limit the Group’s ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations*”. The cross-acceleration provision under the Bonds is limited to Relevant Indebtedness (as defined in the Terms and Conditions of the Bonds), which is defined to mean any indebtedness issued outside the PRC which is in the form or, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market. Accordingly, any default on indebtedness within the PRC is not subject to the restrictions as set out in the Terms and Conditions of the Bonds and will not trigger an Event of Default thereunder. Investors are advised to exercise caution in relation to the above and should carefully consider its impact on their proposed investment in the Bonds.

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

The Bonds will be represented by a Global Certificate which will be deposited with a common depository for Euroclear and Clearstream (each a “**Clearing System**”). Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates representing the Bonds. The Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Bonds by making payments to the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the

Clearing System(s) to receive payments under the Bonds. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

***The Issuer or the Guarantor may not be able to redeem the Bonds upon the due date for redemption thereof.***

The Issuer may, on the occurrence of a Relevant Event (as defined under the Terms and Conditions of the Bonds), and at maturity will, be required to redeem part or all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Guarantor would have sufficient funds at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

***The insolvency laws of the British Virgin Islands and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.***

As the Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and the PRC, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve British Virgin Islands or PRC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

***The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.***

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

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

***Decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of individual holders of the Bonds.***

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

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

The Terms and Conditions of the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement will be governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may

require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned(關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), judgements of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgements have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

On 18 January 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**New Arrangement**”). On 25 January 2024, the PRC Supreme Court promulgated the Arrangement of the Supreme Court of the People’s Republic of China on Reciprocal Recognition and Enforcement of Judgments on Civil and Commercial Cases between Courts of the Mainland and the Hong Kong Special Administrative Region (Fa Shi [2024] No. 2) (最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排 (法釋[2024]2 號)) (the “**New Arrangement Judicial Interpretation**”) as a judicial interpretation, which has been effective since 29 January 2024. As such, the New Arrangement has been put into implementation both in Hong Kong and the PRC and replaced the Arrangement since 29 January 2024. The New Arrangement seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In other words, under the New Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant PRC courts for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the New Arrangement and the New Arrangement Judicial Interpretation.

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

***A change in English law which governs the Bonds may adversely affect holders of the Bonds.***

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

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

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

***The Issuer may issue additional bonds in the future.***

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further bonds (see “*Terms and Conditions of the Bonds – Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

***Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee or less than all of the holders of the Bonds that may be adverse to the interests of individual holders of the Bonds.***

The Terms and Conditions of the Bonds will provide that the Trustee may, without the consent of the Bondholders, agree to any modification of any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that, in its opinion (i) (other than in respect of certain

reserved matters) will not be materially prejudicial to the interests of Bondholders and (ii) is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Terms and Conditions of the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Bonds (as defined below) which will appear on the reverse of each of the definitive certificates evidencing the Bonds.*

The US\$[•] 8.50 per cent. guaranteed bonds due 2025 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further additional Bonds issued in accordance with Condition 15 and consolidated and forming a single series with the Bonds) was authorised by a written resolution of the board of directors of the Issuer (as defined below) passed on 11 June 2024 and the guarantee of the Bonds was authorised by a resolution of the board of directors of the Guarantor (as defined below) passed on 30 April 2024, and a resolution of the shareholder of the Guarantor passed on 15 May 2024. The Bonds are constituted by a Trust Deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated [•] 2024 (the “**Issue Date**”) between New Momentum International Limited (the “**Issuer**”), Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司) (the “**Guarantor**”) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**” which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed and any successor) as trustee for itself and for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) dated [•] 2024, such deed being executed in favour of the Trustee (for itself and the Bondholders). An agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated [•] 2024 relating to the Bonds has been entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the registrar (the “**Registrar**”, which expression shall include any successor thereof), as the transfer agent (the “**Transfer Agent**”, which expression shall include any successor thereof and additional transfer agent), as the principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereof) and any other agents named in it.

Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time), Monday to Friday, other than public holidays) at the principal office of the Trustee (being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Paying Agent. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds and includes their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those applicable to them of the Agency Agreement.

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

### 1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in registered form in the specified denominations of US\$200,000 (the “**Specified Denomination**”) and integral multiples of US\$1,000 in excess thereof.

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

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

In these Conditions, “**Bondholder**” or, in respect of any Bond, “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

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

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

## 2 TRANSFERS OF BONDS

- (a) **Register:** The Issuer will cause the register (the “**Register**”) of Bondholders to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) **Transfer:** A holding of Bonds may, subject to the Agency Agreement and Conditions 2(e) and 2(f), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. A Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of Bonds not transferred are Specified Denominations. No transfer of title to a Bond will be valid unless and until entered in the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) shall be available for delivery within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of a duly completed form of transfer or Put Exercise Notice (as defined in Condition 6(c)) and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Put Exercise Notice and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 2(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer or exercise of an option, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any taxes, duties or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.
- (e) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer at its option pursuant to Condition 6(b), (iii) after a Put Exercise Notice (as defined in Condition 6(c)) has been delivered in respect of such Bond(s) in accordance with Condition 6(c), or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

- (f) **Regulations:** All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time with the prior written approval of the Trustee and (in the case of any change proposed by the Issuer) the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholder and at the expense of the Issuer, failing whom the Guarantor) by the Registrar to any Bondholder following written request and proof of holding and identity satisfactory to the Registrar.

### 3 GUARANTEE AND STATUS

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Status:** The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

### 4 NEGATIVE PLEDGE; UNDERTAKINGS RELATING TO THE GUARANTEE

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and will procure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each, a “**Security Interest**”), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
- (b) **Undertakings relating to the Guarantee:** The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts (“**SAFE**”), the Deed of Guarantee within the prescribed timeframe in accordance with the Provisions on the Administration of Foreign Exchange for Cross-Border Guarantee (跨境擔保外匯管理規定 (匯發[2014] 29 號)) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds, the Deed of Guarantee and the Cross-Border Security Registration.
- (c) **Notification of Completion of the Cross-Border Security Registration:** The Guarantor shall on or before the Registration Deadline provide the Trustee with a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the Cross-Border Security Registration and copies of the relevant SAFE registration certificate or other documents evidencing the completion of the Cross-Border Security Registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (together, the “**Registration Documents**”).

In addition, the Guarantor shall procure that, within 15 PRC Business Days after the Registration Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Cross-Border Security Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or ensure or assist with the Cross-Border Security Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Cross Border Security Registration and/or the Registration Documents or to translate or procure any translation thereof or to give notice to the Bondholders confirming the submission of the completion of the Cross-Border Security Registration, and shall not be liable to Bondholders or any other person for not doing so.

- (d) **Issuer Activities:** The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the incurrence of indebtedness and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the incurrence of indebtedness to any other Subsidiaries of the Guarantor).
- (e) **Financial Statements:** So long as any Bond remains outstanding:
- (i) each of the Issuer and the Guarantor shall provide to the Trustee a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) within 14 days of a written request by the Trustee and also at the time of provision of the Guarantor Audited Financial Reports; and
  - (ii) the Guarantor shall furnish the Trustee:
    - (A) within 150 calendar days of the end of each Relevant Period with a copy of the relevant Guarantor Audited Financial Reports prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date)) and if such statements shall be in the Chinese language, upon the request of the Trustee under the written instruction of any Bondholder, the Guarantor shall furnish the Trustee, as soon as reasonably practicable, with an English translation of the same translated by (x) a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date) or (y) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date), together in each such case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and
    - (B) within 90 calendar days of the end of each Relevant Period with a copy of the relevant Guarantor Unaudited Financial Reports prepared on a basis consistent with the Guarantor Audited Financial Reports and if such statements shall be in the Chinese language, upon the request of the Trustee under the written instruction of any Bondholder, the Guarantor shall furnish the Trustee, as soon as reasonably practicable, with an English translation of the same and translated by (x) a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date) or (y) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date), together in each such case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate,

in each case, provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may provide to the Trustee, as soon as they are available but in any event not more than 14 calendar days after any financial reports of the Guarantor are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, copies, each certified in English by an Authorised Signatory of the Guarantor as a true and complete copy of the original, of any financial report filed with such exchange in lieu of the Guarantor Audited Financial Reports and Guarantor Unaudited Financial Reports identified in this Condition 4(e) and if any such financial report filed with such exchange is in the Chinese language, upon the request of the Trustee under the written instruction of any Bondholder, the Guarantor shall furnish the Trustee, as soon as reasonably practicable, with an English translation of the same translated by (1) a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date) or (2) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date), together in each such case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate.

The Trustee shall not be required to review the Guarantor Audited Financial Reports or the Guarantor Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4(e) and, if the same shall not be in the English language, unless any Bondholder instructs the Trustee in writing to request for an English translation of the same in which case the Trustee shall as soon as reasonably practicable request the Guarantor to provide such

English translation in accordance with Condition 4(e), the Trustee shall not be required to request or obtain or arrange for an English translation of the same and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

(f) **Definitions:** In this Condition 4:

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

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

**“Guarantor Audited Financial Reports”** means, for a Relevant Period, the annual audited consolidated profit and loss, balance sheet and cash flow statements of the Guarantor together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with PRC GAAP;

**“Guarantor Unaudited Financial Reports”** means, for a Relevant Period, the semi-annual unaudited and reviewed or unreviewed consolidated profit and loss, balance sheet and cash flow statements of the Guarantor, together with any statements, reports (including any directors’ and auditors’ reports, if applicable) and notes attached to or intended to be read with any of them (if any), prepared in accordance with PRC GAAP;

**“PRC”** means the People’s Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

**“PRC Business Day”** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing and Hong Kong;

**“PRC GAAP”** means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC from time to time;

**“Principal Subsidiary”** means any Subsidiary of the Guarantor:

- (i) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Guarantor; or
- (ii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Guarantor as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or
- (iii) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (x) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (y) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i) or (ii) above of this definition;

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

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor;

“**Registration Deadline**” means the day falling 120 PRC Business Days after the Issue Date;

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

“**Relevant Period**” means (i) in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being, as at the Issue Date, 31 December of that financial year) and (ii) in relation to the semi-annual Guarantor Unaudited Financial Reports, each period of six months ending on the last day of the first half of the Guarantor’s financial year (being, as at the Issue Date, 30 June of that financial year); and

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

## 5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including [●] 2024<sup>1</sup> at the rate of 8.50 per cent. per annum, payable in arrear on [●] 2024<sup>2</sup> and [●] 2025<sup>3</sup> (each an “**Interest Payment Date**”). The amount of interest payable on the first Interest Payment Date shall be US\$42.5 in respect of each US\$1,000 (the “**Calculation Amount**”) principal amount of the Bonds. The amount of interest payable on the second Interest Payment Date shall be US\$[●]<sup>4</sup> in respect of each US\$1,000 principal amount of the Bonds.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event

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<sup>1</sup> This shall be the Issue Date.

<sup>2</sup> This shall be the date that is six months from the Issue Date.

<sup>3</sup> This shall be the Maturity Date, which shall be the date that is 364 days from the Issue Date.

<sup>4</sup> This shall be computed based on the day-count fraction described below and rounded up to the nearest cent.

it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including [●] 2024<sup>5</sup> and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

The amount of interest payable per Calculation Amount for any period shall, save as provided above, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## **6 REDEMPTION AND PURCHASE**

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on [●] 2025<sup>6</sup>. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 30 days’ notice in accordance with Condition 16 to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued to, but excluding, the date fixed for redemption), if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC (in the case of a payment by the Issuer) or the PRC (in the case of a payment by the Guarantor) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after [●] 2024<sup>7</sup>, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee:

- (A) a certificate in English signed by an Authorised Signatory of the Issuer (or by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; and
- (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers to the effect that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the

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<sup>5</sup> This shall be the Issue Date.

<sup>6</sup> This shall be the date that is 364 days from the Issue Date.

<sup>7</sup> This shall be the date of the Results Announcement.

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

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

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the 10th day (in the case of a redemption for a No Registration Event) or, if such day is not a Payment Business Day (as defined in Condition 7(f)), the next following Payment Business Day after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Bondholders in accordance with Condition 16 and in writing to the Trustee and the Principal Paying Agent by not later than 14 days (in the case of a redemption for a Change of Control) or seven days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

In this Condition 6(c):

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

- (i) the Guarantor ceases to hold or own, whether directly or indirectly, 100 per cent. of the issued share capital of the Issuer;
- (ii) the Controlling Shareholder ceases to hold or own, whether directly or indirectly, at least 34 per cent. of the voting rights of the issued share capital of the Guarantor;
- (iii) other than the Controlling Shareholder, any person or persons, acting together, acquires Control of the Guarantor;
- (iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person, unless the consolidation, merger, sale or transfer will not result in any person or persons (other than the Controlling Shareholder) acquiring Control over the Guarantor or the successor entity;

"**Control**" means (i) the ownership or control of not less than 30 per cent. of the voting rights of the issued share capital of the Guarantor or (ii) the right to appoint and/or remove a majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Controlling Shareholder**" means the aggregate shareholdings of Houwen Li and:

- (i) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Houwen Li; and
- (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or persons are Houwen Li and/or such other persons referred to in paragraph (i) above of this definition;

a "**No Registration Event**" occurs when the Registration Condition is not satisfied on or before the Registration Deadline;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case, whether or not being a separate legal entity);

“**Registration Condition**” means the receipt by the Trustee of all certificates and the other Registration Documents referred to in sub-paragraph (ii) of Condition 4(d); and

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

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

- (d) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond, the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.
- (e) **Purchase:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder thereof to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (f) **Cancellation:** All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled as soon as reasonably practicable. The Bonds represented by any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## 7 PAYMENTS

- (a) **Method of Payment:**
  - (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
  - (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the holder of such Bond. In this Condition 7, the “**registered account**” of a Bondholder means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register on the Record Date.
  - (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at **the** close of business of the relevant*

*clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved by the Trustee.  
  
Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.
- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “Payment Business Day” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business and settlement of U.S. dollar payment in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located and the relevant place of presentation.

## 8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Guarantor by or within the PRC at the rate of up to and including rate applicable on [●] 2024<sup>8</sup> (the “Applicable Rate”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals

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<sup>8</sup> This shall be the date of the Results Announcement.

the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

- (i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands or, in the case of payments made by the Guarantor, the PRC other than the mere holding of the Bond; or
- (ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

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

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

## 9 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued and unpaid interest:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal or any premium (if any) of the Bonds when due or (ii) any interest on any of the Bonds when due and, in each case, such failure continues for a period of 14 Business Days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds (other than a Relevant Event which gives rise to a right of redemption by the holders pursuant to Condition 6(c)) or the Trust Deed or under the Guarantee which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 60 days after written notice of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future Relevant Indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Relevant Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the Relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above

in this Condition 9(c) have occurred equals or exceeds US\$30,000,000 or its equivalent in any other currency; or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any substantial part of the property, assets or revenues of the Group and is not discharged or stayed within 60 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any Principal Subsidiary on the whole or any substantial part of the Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 60 days; or
- (f) **Insolvency:** the Issuer or the Guarantor or any Principal Subsidiary is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or any material part of its debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or the Guarantor or any Principal Subsidiary; or
- (g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, (A) whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of their respective Subsidiaries, in any combination, or (B) a solvent winding-up of any such Principal Subsidiary or (C) any disposal or sale of such Principal Subsidiary to any other person on arm's length terms for market consideration, where the proceeds (whether in cash or otherwise) resulting from such disposal or sale are transferred or vested in the Issuer, the Guarantor and/or any of their respective Subsidiaries, in any combination; or
- (h) **Nationalisation:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary; or (ii) the Issuer, the Guarantor or any Principal Subsidiary is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets or revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or
- (k) **Unenforceability of Guarantee:** the Guarantee is or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(k) (both inclusive).

In this Condition 9, “**Group**” means the Guarantor and its Subsidiaries as a whole.

## 10 PRESCRIPTION

Claims against the Issuer or the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as (a) the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice) or (b) the Registrar or the relevant Transfer Agent (as the case may be) may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being Bondholders or representing whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on the redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantee (other than as provided in Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent, in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

*For so long as the Bonds are represented by the Global Certificate, an Extraordinary Resolution includes a consent given by way of Electronic Consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Bondholders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding.*

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any modification, authorisation or waiver shall be notified by the Issuer to the Bondholders in accordance with Condition 16 as soon as practicable.
- (c) **Entitlement of the Trustee:** In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to or be responsible for the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to

claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

### **13 ENFORCEMENT**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take any such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Guarantee, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### **14 INDEMNIFICATION OF THE TRUSTEE**

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

The Trustee may rely conclusively and without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Bondholders and if provided by the Issuer or the Guarantor, the Issuer and the Guarantor. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

None of the Trustee or any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, or ascertain whether an Event of Default, a Potential Event of Default or a Relevant Event has occurred, and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

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

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and/or any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same, and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and

the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## 15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the first payment of interest on them and the timing for compliance with the requirements set out in these Conditions in relation to the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and shall be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

## 16 NOTICES

Notices to the holders of Bonds shall be mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

## 17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

## 18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed GOHO International Asset Management Limited at Unit 12, 23/F, Tower 2, Lippo Centre, 89 Queensway, Hong Kong as its authorised agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement. If for any reason the Issuer and/or the Guarantor ceases to have such an agent in Hong Kong, the Issuer and/or, as the case may be, the Guarantor shall each promptly appoint a new agent in Hong Kong to accept service of process and shall deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the

making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## **SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS**

*The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Exchange Offer Memorandum. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions.*

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

Under the Global Certificate, the Issuer will promise to pay such principal, interest and other sums and additional amounts (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds, save that the calculation will be made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Bonds, in accordance with the Terms and Conditions of the Bonds.

### **Payment**

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

### **Exchange of Bonds Represented by Global Certificates**

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, or any other clearing system selected by the Issuer and notified in writing to the Trustee, the Principal Paying Agent and the Registrar through which the Bonds are cleared (an "Alternative Clearing System") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

### **Calculation of Interest**

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer will, *inter alia*, pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Bonds, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Bonds, in accordance with the Terms and Conditions of the Bonds.

### **Notices**

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

### **Meetings**

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

### **Authentication**

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

### **Bondholders' Redemption**

The Bondholders' redemption option in Condition 6(c) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Paying Agent, in accordance with the rules and procedures of Euroclear and Clearstream and any Alternative Clearing System, as applicable, failing which, in the form of the notice of redemption available from any Paying Agent and stating of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

### **Issuer's Redemption**

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

### **Transfers**

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

### **Cancellation**

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

### **Trustee's Powers**

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

## SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE EXISTING BONDS AND THE BONDS

Existing Bondholders should note that there are material differences between the Existing Bonds and the Bonds. Existing Bondholders should carefully consider all such differences before any decision is made with respect to the Exchange Offer. The terms and conditions of the Bonds (the “**Conditions**”) are set out above in the section entitled “*Terms and Conditions of the Bonds*”.

For the convenience of Existing Bondholders, certain differences between the Existing Bonds and the Bonds are set out in the table below. The information contained in the chart is a summary only and should not be taken to be a complete description of the particular provision summarised or as an exhaustive list of all differences between the Existing Bonds and the Bonds. In particular, this chart does not set out certain differences between the terms and conditions of the Existing Bonds (the “**Existing Bonds Conditions**”) and the Conditions which (i) represent minor amendments to correct typographical errors, amend defined terms, reflect changes in law or generally improve drafting; and/or (ii) would not be relevant or material in the context of a decision to participate (or decline to participate) in the Exchange Offer.

The summary below is qualified by reference to the Existing Bonds Conditions, the information contained in this Exchange Offer Memorandum and the Conditions. Existing Bondholders are advised to review such information and documents in their entirety. The below dates relevant to the Bonds assume a Settlement Date of 21 June 2024 and are for illustrative purpose only.

<b>Class:</b>	<u>Existing Bonds</u>	<u>Bonds</u>
	8.50 per cent. guaranteed bonds due 2024 issued by the Issuer and unconditionally and irrevocably guaranteed by the Guarantor (ISIN: XS2635637940, Common Code: 263563794)	8.50 per cent. guaranteed bonds due 2025 issued by the Issuer and unconditionally and irrevocably guaranteed by the Guarantor (ISIN: XS2841939973, Common Code: 284193997)
<b>Aggregate Principal Amount:</b>	US\$87,600,000 as at the date of this Exchange Offer Memorandum	The aggregate principal amount of the Bonds will be specified in the Results Announcement. The Exchange Ratio is 1:1.
<b>Issue Date:</b>	27 June 2023	21 June 2024
<b>Scheduled Maturity Date:</b>	25 June 2024	20 June 2025
<b>Interest:</b>	The Existing Bonds bear interest on their outstanding principal amount from and including 27 June 2023 at the rate of 8.50 per cent. per annum, payable semi-annually in arrear in equal instalments on 27 December 2023 and 25 June 2024.	The Bonds bear interest on their outstanding principal amount from and including 21 June 2024 at the rate of 8.50 per cent. per annum, payable in arrear on 21 December 2024 and 20 June 2025.
<b>Issuer Activities:</b>	The Existing Bonds contains a convent that restricts the Issuer to carry out business activities other than those in connection with the issue of debt securities.	The Bonds contains a convent that restricts the Issuer to carry out business activities other than those in connection with the incurrence of indebtedness.
<b>Events of Default:</b>	The Existing Bonds contain events of default including, but not limited to, non-payment, cross-acceleration, enforcement proceedings and security enforced.	The Bonds contain events of default including, but not limited to, non-payment, cross-acceleration, enforcement proceedings and security enforced, but limited to a narrower scope, for example, the cross-acceleration provision under the Bonds is limited to Relevant Indebtedness (which is limited to certain indebtedness incurred outside of the PRC).

## QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

**Q: Why is the Company making the Exchange Offer?**

**A:** The Issuer and the Guarantor are conducting the Exchange Offer to improve the Group's liquidity position and extend maturity of the Existing Bonds. See "*Description of the Exchange Offer—Purpose of the Exchange Offer*".

**Q: What will I receive if I tender my Existing Bonds in the Exchange Offer?**

**A:** For each US\$1,000 principal amount of outstanding Existing Bonds that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder will receive the Exchange Consideration, consisting of:

- (a) US\$1,000 in aggregate principal amount of the Bonds; and
- (b) any Accrued Interest.

Any fractional amounts of the Bonds will be forfeited. See "*Description of the Exchange Offer—Exchange Consideration*" for further details.

**Q: What are the consequences of not tendering in the Exchange Offer?**

**A:** Following the consummation of the Exchange Offer, the trading market for Existing Bonds that are not exchanged could become more limited than the existing trading market for the Existing Bonds and could cease to exist altogether due to the reduction in the amount of the Existing Bonds outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Bonds. See the section entitled "*Risk Factors—Risks Relating to the Exchange Offer Generally—Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Bonds may be substantially reduced, and market prices for outstanding Existing Bonds may decline as a result*" for additional risk disclosure.

Even if the Exchange Offer is consummated, the Issuer and the Guarantor may not be able to repay the remaining non-exchanging Existing Bonds upon their maturity. See "*Risk Factors—Risks Relating to the Exchange Offer Generally—Even after consummation of the Exchange Offer, the Group may not be able to make payments due on any outstanding Existing Bonds or any other outstanding indebtedness*".

**Q: How do the Existing Bonds differ from the Bonds to be issued in the Exchange Offer?**

**A:** The Existing Bonds will mature on June 25, 2024. The Bonds have a tenor of 364 days. See also "*Summary—Introduction—Certain Differences between the Existing Bonds and the Bonds*" and "*Terms and Conditions of the Bonds*" for further details.

**Q: Are there any conditions to the consummation of the Exchange Offer?**

**A:** The obligation to complete the Exchange Offer is conditioned upon, among other things, the following: (i) not less than the Minimum Acceptance Amount of the Existing Bonds shall have been validly tendered prior to the Expiration Deadline; (ii) there being no material adverse change in the market from the date of this Exchange Offer Memorandum to the Settlement Date; (iii) an affirmative determination that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in the best interests of the Issuer and the Guarantor; and (iv) the satisfaction or waiver of the other conditions described in "*Description of the Exchange Offer—Conditions to the Exchange Offer*".

Subject to applicable law, the Issuer and the Guarantor may terminate or withdraw the Exchange Offer if any of the conditions is not satisfied or waived by the Settlement Date. The Issuer and the Guarantor may also extend the Exchange Offer from time to time until all conditions are satisfied or waived.

Although there is no present plans or arrangements to do so, the Issuer and the Guarantor reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. The Issuer and the Guarantor will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Any tendering Eligible holder must tender its entire holding of Existing Bonds for exchange. The Issuer and the Guarantor reserve their right not to accept any partial tender of Existing Bonds by any Eligible Holders.

**Q: When will the Exchange Offer expire?**

**A:** The Exchange Offer will expire at 4:00 p.m., London time on 18 June 2024, subject to the right of the Issuer and the Guarantor to extend or earlier terminate that time and date at their absolute discretion.

**Q: Under what circumstances can the Exchange Offer be extended, amended or terminated?**

**A:** The Issuer and the Guarantor reserve the right to extend the Exchange Offer at their absolute discretion for any reason. The Issuer and the Guarantor expressly reserve the right, at any time, to amend the terms of the Exchange Offer in any respect, prior to the Expiration Deadline, subject to applicable law. Further, the Issuer and the Guarantor may extend the Exchange Offer if the Issuer and/or the Guarantor make(s) a material change in the terms of the Exchange Offer or in the information contained in this Exchange Offer Memorandum or waive(s) a material condition to the Exchange Offer. During any extension of the Exchange Offer, Existing Bonds that were previously tendered for exchange will remain subject to the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration, will apply to all Existing Bonds previously validly tendered. The Issuer and the Guarantor reserve the right to terminate the Exchange Offer at any time prior to the Settlement Date if any conditions are not met. For more information regarding the right to extend, amend or terminate the Exchange Offer, see “*Description of Exchange Offer—Expiration Deadline; Extensions; Amendments; Termination*”.

**Q: When will the Issuer issue the Bonds?**

**A:** Assuming the conditions to the Exchange Offer are satisfied or waived, it is anticipated that the Issuer will issue the Bonds and settle the Exchange Offer, including the delivery and payment of the Exchange Consideration, on or about 21 June 2024, unless the Exchange Offer is extended or earlier terminated.

**Q: What are my rights if I change my mind after I tender my Existing Bonds?**

**A:** Tenders of Existing Bonds may not be withdrawn or revoked once submitted unless the Issuer and/or the Guarantor are/is required by law to permit such withdrawal or revocation.

**Q: Will the Issuer receive any cash proceeds from the Exchange Offer?**

**A:** No. See “*Use of Proceeds*”.

**Q: When will the Issuer purchase or redeem the Existing Bonds?**

**A:** Existing Bonds tendered in the Exchange Offer pursuant to valid and accepted instructions will be exchanged on the Settlement Date and subsequently canceled.

Whether or not the Exchange Offer is consummated, the Issuer and the Guarantor expressly reserve their absolute right, at their sole discretion, from time to time to redeem or purchase any Existing Bonds that remain outstanding after the consummation or termination of the Exchange Offer through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration, or to exercise any of other rights, including redemption rights, under the relevant Existing Bonds and the Guarantee.

**Q: Can I transfer my Existing Bonds after submitting an instruction to exchange?**

**A:** Upon giving instructions with respect to any Existing Bonds, an Eligible Holder will agree that its Existing Bonds will be blocked from transferring in the relevant account in the relevant Clearing System from the date the relevant instruction is submitted until the Settlement Date or the date of termination of the Exchange Offer (including where such Existing Bonds are not accepted by the Issuer for exchange), whichever is earlier.

**Q: What happens if some or all of my Existing Bonds are not accepted?**

**A:** If the Issuer and/or the Guarantor decide(s) not to accept some or all of your Existing Bonds because of an invalid tender, the occurrence of the other events set forth in this Exchange Offer Memorandum or

otherwise, the Existing Bonds not accepted for the Exchange Offer will be credited back to the tendering holder's account at Euroclear or Clearstream, as applicable.

**Q: Will I have to pay any fees or commissions if I tender my Existing Bonds in the Exchange Offer?**

**A:** If your Existing Bonds are held through a broker or other nominee who tenders the Existing Bonds on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges apply. Otherwise, you will not be required to pay any fees or commissions to the Issuer, the Guarantor, the Dealer Manager or the Information and Exchange Agent in connection with the Exchange Offer.

**Q: How do I tender my Existing Bonds for exchange in the Exchange Offer?**

**A:** Please see "*Description of Exchange Offer—Procedures for Participating in the Exchange Offer*". For further information, please contact D.F. King Ltd., who has been retained as the Information and Exchange Agent for the Exchange Offer, or consult your broker, dealer, commercial bank, trust company or other nominee or custodian for assistance.

PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO HOLDERS OF EXISTING BONDS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. TO PARTICIPATE IN THE EXCHANGE OFFER, A HOLDER OF EXISTING BONDS MUST EITHER HOLD SUCH EXISTING BONDS THROUGH A DIRECT PARTICIPANT IN EUROCLEAR OR CLEARSTREAM OR ARRANGE FOR THE TRANSFER OF ITS EXISTING BONDS SO THAT THEY ARE HELD THROUGH SUCH A DIRECT PARTICIPANT. U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING BONDS IN THE EXCHANGE OFFER.

**Q: Will the Bonds be freely tradable?**

**A:** Transfer of the Bonds will be restricted. The Bonds will not be registered under, and are not obligated to be registered under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. The Issuer and the Guarantor have not agreed to or otherwise undertaken to register the Bonds, and have no intention to do so. There can be no assurance as to the development or liquidity of any market for the Bonds.

**Q: What is the Group's plan if the Exchange Offer fails?**

**A:** If the Exchange Offer is not successfully completed, the Issuer and the Guarantor may not be able to repay the Existing Bonds upon maturity and may contemplate conducting an alternative debt restructuring exercise.

**Q: To whom should I direct any questions?**

**A:** Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent, as appropriate. If you have questions regarding exchange procedures or the Exchange Offer, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this Exchange Offer Memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees or custodians for assistance concerning the Exchange Offer. All documents related to the Offer will be made available, subject to eligibility, on the Transaction Website.

## **USE OF PROCEEDS**

The Issuer will not receive any cash proceeds from the Exchange Offer. Any Existing Bonds exchanged in connection with the Exchange Offer will be cancelled.

## DESCRIPTION OF THE EXCHANGE OFFER

### PURPOSE OF THE EXCHANGE OFFER

The purpose of the Exchange Offer is to improve the Group's liquidity position and extend maturity of the Existing Bonds. The Exchange Offer is conducted as part of the Group's broader strategy to improve the overall financial condition of the Group, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management.

### TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, the Issuer and the Guarantor are offering to exchange at least the Minimum Acceptance Amount of their outstanding Existing Bonds (due 25 June 2024 with ISIN: XS2635637940, Common Code: 263563794) held by Eligible Holders for the Exchange Consideration as set forth below. As at the date of this Exchange Offer Memorandum, US\$87,600,000 in aggregate principal amount of the Existing Bonds is outstanding.

Eligible Holders of the Existing Bonds validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Bonds (other than the right to receive the relevant components of the applicable Exchange Consideration) and will release and discharge the Issuer and the Guarantor from any and all claims such holder may have, now or in the future, arising out of or related to such Existing Bonds and the Guarantee, including any and all accrued and unpaid interest thereon.

Any tendering Eligible holder must tender its entire holding of Existing Bonds for exchange. The Issuer and the Guarantor reserve their right not to accept any partial tender of Existing Bonds by any Eligible Holders.

Existing Bonds accepted pursuant to the Exchange Offer will be exchanged on the Settlement Date and will subsequently be cancelled.

**Notwithstanding anything to the contrary contained in this Exchange Offer Memorandum or in any other document related to the Exchange Offer, the Issuer and the Guarantor expressly reserve the right, at their sole discretion and regardless of whether any of the conditions described under “*Description of the Exchange Offer—Conditions to the Exchange Offer*” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or the Settlement Date, (iv) amend the terms of the Exchange Offer, including the Minimum Acceptance Amount, or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. Unless waived by the Issuer and/or the Guarantor, if the valid tender of the Existing Bonds for less than the Minimum Acceptance Amount is received, the Issuer and the Guarantor will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.**

### EXCHANGE CONSIDERATION

Eligible Holders of the outstanding Existing Bonds that are validly tendered prior to the Expiration Deadline and accepted for exchange will receive the Exchange Consideration, consisting of:

- (a) US\$1,000 in aggregate principal amount of the Bonds; and
- (b) any Accrued Interest.

The Existing Bonds bear interest at the rate of 8.50 per cent. per annum. Accrued and unpaid interest on any Existing Bonds validly tendered and accepted for exchange will be payable in cash.

If all or any of the Existing Bonds tendered for exchange by any holder has been accepted, you will receive (i) the Exchange Consideration in relation to the amount of the Existing Bonds validly tendered and accepted in the Exchange Offer; and (ii) in relation to those Existing Bonds not accepted in the Exchange Offer, such Existing Bonds will be returned to such holder. No other holders of the Existing Bonds will be entitled to receive the Exchange Consideration.

### INTEREST OR COUPON ON THE BONDS

The Bonds will bear interest at 8.50 per cent. per annum, payable in arrear on 21 December 2024 and 20 June 2025, assuming a Settlement Date of 21 June 2024. See “*Summary of the Bonds*”.

## **SOURCE OF FUNDS FOR THE EXCHANGE OFFER**

The Issuer and the Guarantor plan to use their own internal funds to pay all such cash components of the various fees and considerations described above.

## **GENERAL**

The Issuer and the Guarantor intend to conduct the Exchange Offer in accordance with the applicable rules and regulations of any jurisdiction where the offer of the Bonds and the exchange of the Existing Bonds are permitted. The Exchange Offer will only be made to, and the Bonds are being offered and will be issued only to, Eligible Holders of Existing Bonds who have complied with the procedures set out herein, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees or custodians have complied with the procedures herein and confirmed and represented that such holders are non-U.S. persons located outside the United States, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States, as those terms are defined in Regulation S under the Securities Act.

## **ELIGIBILITY FOR ACCEPTANCE OF THE EXCHANGE OFFER**

By submitting an Instruction with respect to any Existing Bonds to Euroclear or Clearstream, as applicable, you shall be deemed to certify that you are an Eligible Holder.

## **EXPIRATION DEADLINE; EXTENSIONS; AMENDMENTS; TERMINATION**

For purposes of the Exchange Offer, the Expiration Deadline will be 4:00 p.m., London time, on 18 June 2024, subject to the right of the Issuer and the Guarantor to extend or earlier terminate that time and date at their absolute discretion, in which case the Expiration Deadline means the latest time and date to which such time and date is extended or earlier terminated.

The Issuer and the Guarantor reserve the right, at their absolute discretion, by giving written notice to the Dealer Manager and the Information and Exchange Agent to:

- extend the Exchange Offer;
- terminate the Exchange Offer if any condition to the obligation to consummate the Exchange Offer is not satisfied or waived prior to the Settlement Date, or if the Issuer and the Guarantor determine that accepting the transactions contemplated hereby are not in their best interests; and
- amend or modify the Exchange Offer, or waive any condition to the Exchange Offer.

If the Issuer and/or the Guarantor make(s) a material change in the terms of the Exchange Offer or the information concerning the Exchange Offer, or waive(s) a material condition to the Exchange Offer, the Issuer and/or the Guarantor will promptly disseminate disclosure regarding the changes to the Exchange Offer and the Issuer and/or the Guarantor may extend the Exchange Offer as they consider appropriate or if required by law.

During any extension of the Exchange Offer, Existing Bonds that were previously tendered for exchange will remain subject to the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration will apply to all Existing Bonds previously validly tendered for such waiver, amendment or modification.

The Issuer and the Guarantor will promptly announce any extension, amendment or termination of the Exchange Offer by issuing an announcement via the websites of the Hong Kong Stock Exchange and the Transaction Website, and through Euroclear and Clearstream. The Issuer and the Guarantor will announce any extension of the Expiration Deadline no later than 9:00 a.m., Hong Kong time, on the next business day after the previously scheduled Expiration Deadline.

## **ACCEPTANCE OF THE EXISTING BONDS**

Subject to the terms and conditions of the Exchange Offer, and assuming the Exchange Offer is not otherwise terminated, the Issuer and the Guarantor will be deemed to accept validly tendered Existing Bonds when, and if, the Issuer and the Guarantor give oral or written notice of acceptance to the Dealer Manager and the Information and Exchange Agent. If any tendered Existing Bonds are not accepted for any reason described in the terms and conditions of the Exchange Offer, such unaccepted Existing Bonds will be returned to the tendering holder at the expense of the Issuer and the Guarantor promptly after the expiration or termination of the Exchange Offer. Any unaccepted Existing Bonds will be credited back to the tendering holder's account at the relevant Clearing System. Under no circumstances will the Issuer or the Guarantor be required to accept Existing Bonds for exchange that

have not been validly tendered prior to the Expiration Deadline in accordance with the procedures set forth in this Exchange Offer Memorandum. The Issuer and the Guarantor reserve the absolute right to reject any and all tenders of the Existing Bonds not in proper form or any Existing Bonds the acceptance for exchange of which may, in the opinion of counsel, be unlawful. See “—*Procedures for Participating in the Exchange Offer*”.

#### **SETTLEMENT DATE; DELIVERY OF CONSIDERATION**

The Settlement Date will occur promptly after the Expiration Deadline. The Settlement Date is expected to occur on or about 21 June 2024, unless the Exchange Offer is extended.

Subject to the terms and conditions of the Exchange Offer, and assuming that the Exchange Offer are not otherwise terminated, on the Settlement Date, Eligible Holders who validly tendered in accordance with the procedures set forth in this Exchange Offer Memorandum prior to the Expiration Deadline that are accepted by the Issuer and the Guarantor will receive the Exchange Consideration.

Any cash payments for the Exchange Offer will be made by deposit of funds with Euroclear or Clearstream. Euroclear or Clearstream will transmit the Bonds to the holders and Euroclear or Clearstream will also transmit the cash payments to holders.

Provided the Issuer delivers, or has delivered on its behalf, the Bonds, and makes, or has made on its behalf, full payment of the Exchange Consideration for all Existing Bonds accepted for exchange pursuant to the Exchange Offer to the relevant Clearing Systems, on or before the Settlement Date, under no circumstances will any additional distribution or interest be payable to an Existing Bondholder because of any delay in the delivery of the Bonds by, or transmission of funds from, the relevant Clearing System or any other intermediary with respect to such Existing Bonds of that Existing Bondholder

#### **CONDITIONS TO THE EXCHANGE OFFER**

Notwithstanding anything to the contrary contained in this Exchange Offer Memorandum or in any other document related to the Exchange Offer, the Issuer and the Guarantor expressly reserve the right, at their sole discretion and regardless of whether any of the conditions described under this section have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or the Settlement Date, (iv) amend the terms of the Exchange Offer, including the Minimum Acceptance Amount, or (v) modify the form or amount of the consideration to be paid pursuant to the Exchange Offer.

##### ***Combined General Conditions***

Notwithstanding any other provisions of the Exchange Offer, or any extension of the Exchange Offer, the Issuer and the Guarantor will not be required to deliver any consideration (and the Issuer and the Guarantor may terminate the Exchange Offer or, at their option, modify, extend or otherwise amend the Exchange Offer), unless each of the following conditions, which are referred to as the combined general conditions, are satisfied or waived:

- (1) not less than the Minimum Acceptance Amount of the Existing Bonds, not including any Existing Bonds subject to repurchase, shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline;
- (2) the Issuer and the Guarantor have made an affirmative determination that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in their best interests;
- (3) no action or event shall have occurred or to the knowledge of the Issuer or the Guarantor, been threatened (including a default under an agreement, indenture or other instrument or obligation to which the Issuer, the Guarantor or one of its subsidiaries is a party or by which the Issuer, the Guarantor or one of its subsidiaries is bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either:
  - (i) challenges the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer; or

- (ii) in the reasonable judgment of the Issuer and/or the Guarantor, could materially affect the Group's business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects, or materially impair the contemplated benefits to the Issuer and/or the Guarantor of the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer or might be material to holders of the Existing Bonds in deciding whether to accept the Exchange Offer;
- (4) there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Group that, in the sole judgment of the Issuer and/or the Guarantor, either (i) is, or is reasonably likely to be, materially adverse to the Group's business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;
- (5) none of the following has occurred:
- (i) any general suspension of or limitation on trading in securities on the PRC, the United States, London, Singapore or Hong Kong securities or financial markets, or in the over-the-counter market (whether or not mandatory);
  - (ii) any material decrease in the trading price of the Existing Bonds in the United States, London, Singapore or Hong Kong or other major securities or financial markets;
  - (iii) a material impairment in the general trading market for debt securities;
  - (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the PRC, the United States, London, Singapore or Hong Kong or other major financial markets (whether or not mandatory);
  - (v) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to the PRC, the United States, London, Singapore or Hong Kong;
  - (vi) any limitation (whether or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in reasonable judgment, of affecting, the extension of credit by banks or other lending institutions in the PRC, the United States, London, Singapore or Hong Kong;
  - (vii) any material disruption has occurred in securities settlement or clearance services in the PRC, the United States, London, Singapore or Hong Kong;
  - (viii) any amalgamation, merger, acquisition or other business combination proposal involving the Issuer, the Guarantor or their subsidiaries shall have been proposed, announced or made by any person or entity;
  - (ix) any material adverse change in the PRC, the United States, London, Singapore or Hong Kong securities or financial markets generally;
  - (x) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; and
- (6) the Existing Bonds Trustee shall not have objected in any respect to, nor have taken any action that could in the reasonable judgment of the Issuer and/or the Guarantor adversely affect the consummation of, the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer nor shall the Existing Bonds Trustee have taken any action that challenges the validity or effectiveness of the procedures in making the Exchange Offer or the exchange of the Existing Bonds under the Exchange Offer.

***Waiver, Termination and Modification***

The foregoing conditions are for the sole benefit of the Issuer and the Guarantor and may be waived by them, in whole or in part, at their absolute discretion. Any determination made by the Issuer and/or the Guarantor concerning an event, development or circumstance described or referred to above will be conclusive and binding. Failure at any time to exercise any rights of the Issuer and/or the Guarantor will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If any of the combined general conditions is not satisfied, the Issuer and the Guarantor may, at any time prior to the Settlement Date, subject to applicable law:

- terminate the Exchange Offer and return all tendered Existing Bonds;
- modify, extend or otherwise amend the Exchange Offer and retain all tendered Existing Bonds until the Expiration Deadline may be extended; or
- waive any unsatisfied conditions with respect to the Exchange Offer, and accept all Existing Bonds tendered and delivered.

Unless waived by the Issuer or the Guarantor, if the Issuer and the Guarantor receive valid tender of the Existing Bonds for less than the Minimum Acceptance Amount, the Issuer and the Guarantor will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.

### ***Representations, Warranties and Covenants of Eligible Holders of the Existing Bonds***

Upon instruction to tender the Existing Bonds, which will be irrevocable, and subject to the terms and conditions of the Exchange Offer generally, each Eligible Holder will be deemed, among other things, to:

- (1) irrevocably sell, assign and transfer to or upon the order of the Issuer and the Guarantor or the order of their nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder of, all Existing Bonds tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or in equity against the Issuer, the Guarantor, the Existing Bonds Trustee, the Existing Bonds Agents or any fiduciary, trustee, fiscal agent, security agent or other person connected with the Existing Bonds arising under, from or in connection with such Existing Bonds;
- (2) waive any and all rights with respect to the Existing Bonds tendered thereby (including, without limitation, any existing or past defaults and their consequences in respect of such Existing Bonds); and
- (3) release and discharge the Issuer the Guarantor, the Existing Bonds Trustee, the Existing Bonds Agents and any fiduciary, trustee, fiscal agent, security agent and other person connected with the Existing Bonds from any and all claims such holder may have (now or in the future), arising out of or relating to the Existing Bonds tendered thereby and the Guarantee, including, without limitation, any claims that such holder is entitled to receive additional principal or interest payments with respect to the Existing Bonds tendered thereby (other than as expressly provided in this Exchange Offer Memorandum) or to participate in any redemption or defeasance of the Existing Bonds tendered thereby.

In addition, such Eligible Holder of the Existing Bonds will be deemed to represent, warrant and undertake that (collectively the "**Investor Representations**"):

- (1) it has received this Exchange Offer Memorandum, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors, the Terms and Conditions of the Bonds and other considerations of the Exchange Offer, all as described in this Exchange Offer Memorandum, and has on its own or with the help of its financial or other professional advisers, undertaken an appropriate analysis (with appropriate analytical tools) of the implications of the Exchange Offer in the context of its particular financial situation and the impact any decision to participate (or not participate) in the Exchange Offer will have on its overall investment portfolio, in each case without reliance on the Issuer, the Guarantor, the Dealer Manager, the Trustee, the Existing Bonds Trustee, the Agents, the Existing Bonds Agents or the Information and Exchange Agent;
- (2) by blocking the relevant Existing Bonds in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Information and Exchange Agent (and for the Information and Exchange Agent to provide such details to the Issuer and the Guarantor and to the Dealer Manager and their respective legal advisers);
- (3) it bases its investment decision solely on the information in this Exchange Offer Memorandum (as amended or supplemented to the Expiration Deadline) and not on any other information or representation concerning the Issuer or the Guarantor which it may have received from the Issuer, the Guarantor, the Dealer Manager or their respective representatives. It acknowledges that none of the Issuer, the Guarantor, any of its affiliates or any other person has made any representations, express or implied, to it with respect to the Issuer, the Guarantor, the Group, the Exchange Offer, the Bonds or the accuracy, completeness or adequacy of any financial or other information concerning the Issuer, the Guarantor, the Group, the Exchange Offer

or the Bonds. It agrees that it will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the Exchange Offer (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which it acts), and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which it acts);

- (4) it is a Professional Investor; it represents and acknowledges that the Issuer and/or the Guarantor will rely on its Investor Profile certification and consents to the disclosure of its Investor Profile to authorities or regulators as requested;
- (5) it understands that the Exchange Offer involves a high degree of risk and that the Bonds are complex products;
- (6) it is the beneficial owner (as defined below) of, or a duly authorised representative of one or more such beneficial owners of, the Existing Bonds tendered thereby;
- (7) it (i) has not received or been sent copies of this Exchange Offer Memorandum or any related documents in, into or from the United States, (ii) is not a "U.S. person" and is not located in the United States, (iii) is not an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal who has given instructions with respect of the Exchange Offer from within the United States or from a U.S. person, (iv) has not otherwise utilised in connection with the Exchange Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (v) is offering to exchange the Existing Bonds from outside the United States;
- (8) it acknowledges that the Exchange Offer are subject to the restrictions set out in the section entitled "*Offer and Distribution Restrictions*";
- (9) it acknowledges that the Bonds to be exchanged for the Existing Bonds tendered for exchange hereby have not been registered under the Securities Act or with any state or other jurisdiction of the United States and may only be sold or otherwise transferred pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws;
- (10) the Existing Bonds being tendered thereby were owned as at the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and it will acquire good, indefeasible and unencumbered title to such Existing Bonds, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when it accepts the same;
- (11) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Bonds tendered thereby and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (12) in evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Bonds, such holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuer, the Guarantor other than those contained in this Exchange Offer Memorandum (as amended or supplemented to the Expiration Deadline), the Dealer Manager, the Information and Exchange Agent or the Existing Bonds Trustee or the Existing Bonds Agents;
- (13) it understands and agrees that it may not rely on any investigation that any person acting on its behalf has conducted with respect to the Exchange Offer, the Bonds, the Issuer and the Guarantor or any of their respective affiliates, and no other party has made any representation to it, express or implied, with respect to the Exchange Offer, the Bonds, the Issuer or the Guarantor. None of the Dealer Manager or any of its associates or affiliates have made, and it has not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Manager shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to it in connection with the Exchange Offer; (b) any non-performance by any party to any such documents; (c) the Exchange Offer or the Bonds; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Manager does not owe and shall not owe any duty whatsoever in connection with any of the foregoing. Any information or explanations related to the terms and conditions of or the Exchange Offer and the Bonds does not constitute investment advice or a recommendation in respect of the Exchange Offer and is not

considered or deemed to be an assurance or guarantee as to the expected performance of the Bonds, the Issuer, the Guarantor, and each other member of the Group;

- (14) it represents and acknowledges that (a) none of the Dealer Manager and its affiliates has been requested to or has provided with any information or advice with respect to the Exchange Offer or the Bonds nor is such information or advice necessary or desired; (b) none of the Dealer Manager and their affiliates has made or makes any representation as to the Issuer, the Guarantor, the Group, the Exchange Offer or the credit quality of the Bonds; (c) the Dealer Manager and their affiliates may have acquired, or during the term of the Exchange Offer and/or the Bonds may acquire, non-public information with respect to the Issuer, the Guarantor and the Group which it agrees need not be provided; and (d) in connection with the Exchange Offer and the issuance of the Bonds, none of the Dealer Manager and its affiliates have acted as its financial advisor or fiduciary;
- (15) it is acquiring the Bonds for its own account (or for the account of a person that is not a U.S person as defined in Regulation S promulgated under the Securities Act as to which it exercises sole investment discretion and has authority to make these statements) for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws;
- (16) if it is acting as a fiduciary or agent for one or more investor accounts, (a) it has investment discretion with respect to each such account and (b) it has full power and authority to make the representations, warranties, agreements and acknowledgements in this letter on behalf of each such account;
- (17) it acknowledges and agrees that it did not become aware of the Exchange Offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a “public offering” under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S) and it did not become aware of the Exchange Offer and was not otherwise solicited to enter into the Exchange Offer through solicitation of any party other than the Company and its respective affiliates;
- (18) the Exchange Offer is lawful under the securities laws of the jurisdiction in which it accepts the exchange for the Bonds;
- (19) it is not a nominee company (unless the name of the ultimate beneficiary has been disclosed);
- (20) the delivery of an Instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer, in each case on and subject to the terms and conditions set out or referred to in this Exchange Offer Memorandum;
- (21) the delivery of an Instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer generally) the appointment of the Information and Exchange Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Existing Bonds tendered thereby in favour of the Issuer and the Guarantor or such other person or persons as the Issuer or the Guarantor may direct and to deliver such form(s) of transfer and other document(s) in the attorney’s and agent’s discretion and/or the certificate(s) and other documents of title relating to such Existing Bonds’ registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Issuer, the Guarantor or its nominees such Existing Bonds;
- (22) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the Instruction, which shall be read and construed accordingly;
- (23) by delivering the Instruction with respect to its Existing Bonds through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning the direct participant’s identity, the aggregate principal amount of such Existing Bonds and their account details to the Information and Exchange Agent;
- (24) it has not distributed or forwarded this Exchange Offer Memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer;

- (25) it is not (i) a person that is, or is owned or controlled by a person that is, identified as a “specially designated national” or “blocked person” in the most current U.S. Treasury Department list of “Specially Designated National and Blocked Persons” or included in the U.S. Treasury Department’s Sectoral Sanctions Identifications List (which can be found at: <https://sanctionssearch.ofac.treas.gov/>), or in the European Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia’s actions destabilising the situation in Ukraine; or (ii) a person that is organised, resident or located in a country or territory subject to comprehensive/countrywide economic sanctions; (iii) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, Her Majesty’s Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organisations and individuals under the European Union’s Common Foreign & Security Policy; or (iv) acting for or on behalf of any of the foregoing parties (a “**Sanctions Restricted Person**”); and
- (26) it understands that the foregoing representations, warranties, agreements undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that it and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements.

These Investor Representations shall inure to the benefit of and be binding upon each Eligible Holder of the Existing Bonds and their respective successors and permitted assigns, and these Investor Representations shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It confirms that, to the extent it is acting for the account of one or more persons, these Investor Representations constitute legal, valid and binding obligations and any other persons for whose account it is acting.

The representations and warranties and agreements of a holder tendering Existing Bonds shall be deemed to be repeated and reconfirmed on and as of the Expiration Deadline and the Settlement Date. For the purposes of this Exchange Offer Memorandum, the “beneficial owner” of any Existing Bonds shall mean any holder that exercises sole investment discretion with respect to such Existing Bonds.

## INVESTOR PROFILE ELECTION

The Bonds are suitable for Professional Investors only. An Eligible Holder shall certify its professional investor status (the “**Investor Profile**”) as defined below when submitting its instruction:

1. “**Institutional Professional Investors**” refers to persons who fall under paragraphs (a) to (i) of the definition of “professional investor” under Part 1 of Schedule 1 to the SFO;
2. “**Corporate Professional Investors**” refers to corporations (including trust corporations) or partnerships that fall under paragraph (j) of the definition of “professional investor” under Part 1 of Schedule 1 to the SFO;
3. “**Individual Professional Investors**” refers to individuals that fall under paragraph (j) of the definition of “professional investor” under Part 1 of Schedule 1 to the SFO; and
4. An Eligible Holder should **only** select “**Private Banking Clients**” if it is not possible to break down the beneficial ownership of the Existing Bonds to which the instruction relates into Corporate Professional Investors and Individual Professional Investors. *Eligible Holders are reminded that a separate Instruction needs to be submitted per each beneficial owner of the Existing Bonds held through Euroclear and Clearstream.*

The below constitutes a general summary of the definition of “professional investor” under Part 1 of Schedule 1 to the SFO and the Securities and Futures (Professional Investor) Rules (Cap. 571D) of Hong Kong. **Eligible Holders should refer to the SFO and the Securities and Futures (Professional Investor) Rules for further information as required.**

With reference to paragraphs (a) to (i) of the definition of “professional investor” under Part 1 of Schedule 1 to the SFO, an ***Institutional Professional Investor*** is one that falls under any of the following:

- (a) any recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, or any person authorized to provide automated trading services under section 95(2) of the SFO;
- (b) any intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;
- (c) any authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;
- (d) any insurer authorized under the Insurance Ordinance (Cap. 41), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong;
- (e) any scheme which is a collective investment scheme authorized under section 104 of the SFO; or is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place, or any person by whom any such scheme is operated;
- (f) any registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap. 485), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;
- (g) any scheme which (i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap. 426); or (ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place, or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;
- (h) any government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;
  - (i) except for the purposes of Schedule 5 to the SFO, any corporation which is:
    - (i) a wholly owned subsidiary of (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or (B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;
    - (ii) a holding company which holds all the issued share capital of (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or (B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong; or
    - (iii) any other wholly owned subsidiary of a holding company referred to in subparagraph (ii).

With reference to the definition of “professional investor” under Part 1 of Schedule 1 to the SFO and section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) of Hong Kong, a **Corporate Professional Investor** is one that falls under paragraph (a), (c), (d) or (e) below and an **Individual Professional Investor** is one that falls under paragraph (b) below:

- (a) any trust corporation having been entrusted under one or more trusts of which it acts as a trustee with total assets of not less than HK\$40 million or its equivalent in any foreign currency;
- (b) any individual (either alone with his spouse or any child(ren) (collectively, “**His Associate(s)**”) on a joint account or his share of a portfolio on a joint account with one or more persons other than His Associate(s)) having a portfolio of not less than HK\$8 million or its equivalent in any foreign currency;
- (c) any corporation (other than a trust corporation referred to in paragraph (a)) or partnership having either a portfolio (comprising securities, certificates of deposit issued by an authorised financial institution or the overseas equivalent, and/or money held by a custodian for him) of not less than HK\$8 million or total assets of not less than HK\$40 million or its equivalent in any foreign currency;

- (d) any corporation whose principal business is to hold investments and which is wholly owned by one or more of the persons who falls within the description in paragraphs (a) to (c) above or within the description of “professional investor” within the meaning of paragraph (a), (d), (e), (f), (g) or of the definition of “Institutional Professional Investor” above; and
- (e) any corporation which wholly owns a corporation referred to in paragraph (c) above.

## **PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER**

### ***General***

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Bonds for exchange pursuant to the Exchange Offer prior to the Expiration Deadline pursuant to the procedures described below.

The method of delivery of the Existing Bonds and all other required documents to the Information and Exchange Agent is at the election and risk of the holder. Eligible Holders of the Existing Bonds should allow sufficient time to assure delivery to and receipt by the Information and Exchange Agent prior to the Expiration Deadline.

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent, as applicable. If you have questions regarding exchange procedures or the Exchange Offer, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this Exchange Offer Memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee or custodian for assistance concerning the Exchange Offer.

### ***Instructions***

Tender instructions must be submitted in respect of no less than a minimum nominal amount of Existing Bonds (being US\$200,000), and may thereafter be submitted in integral multiples of US\$1,000. Eligible Holders are responsible for ensuring that their instructions will result in the Bonds they are entitled to receive being at least equal to the minimum principal amount of US\$200,000.

**Instructions that would result in a principal amount of Bonds below US\$200,000 will be rejected.**

Only direct participants of Euroclear and Clearstream may submit tender Instructions to Euroclear or Clearstream. Each beneficial owner of Existing Bonds that is not a direct participant must arrange for the direct participant through which such beneficial owner holds its Existing Bonds to submit a valid tender Instruction on its behalf to Euroclear or Clearstream, as applicable, before the deadlines specified by Euroclear or Clearstream, as applicable.

### ***Valid Tender of the Existing Bonds***

If you are an Eligible Holder of Existing Bonds and you wish to tender your Existing Bonds for exchange pursuant to the Exchange Offer, you may accept the Exchange Offer prior to the Expiration Deadline by submitting a valid electronic instruction to the relevant Clearing System in accordance with the requirements of the relevant Clearing System. By submitting an electronic instruction in accordance with the requirements of the relevant Clearing System, you shall be deemed to represent, warrant and undertake the following to the Issuer, the Guarantor, the Dealer Manager, the Information and Exchange Agent and the Existing Bonds Trustee and the Existing Bonds Agents on each of the Expiration Deadline and the Settlement Date:

- that you wish to receive the Bonds under the terms of the Exchange Offer;
- that you are a person located outside the United States and not a U.S. person (within the meaning of Regulation S under the Securities Act);
- the accuracy of your name and securities account number at the relevant Clearing System in which you hold the Existing Bonds and to which the Bonds are to be credited;
- you have authorised the relevant Clearing System to block your position in the Existing Bonds until the Settlement Date or termination or withdrawal of the Exchange Offer;
- the accuracy of the cash account number at the relevant Clearing System to which the cash portion of the Exchange Consideration should be credited; and

- that you consent to the disclosure by Euroclear or Clearstream of certain details concerning your identity, the aggregate principal amount of such Existing Bonds and the account details to the Information and Exchange Agent.

Your acceptance of the Exchange Offer will constitute a binding agreement between you and the Issuer and the Guarantor in accordance with the terms, and subject to the conditions, set forth herein and in the electronic instruction. Such acceptance will be binding upon receipt by the relevant Clearing System of a valid electronic instruction in respect of all matters except your tender of the Existing Bonds for exchange, which will be binding immediately.

By submitting a valid electronic Instruction to the relevant Clearing System, you are deemed to represent, warrant and undertake to the Issuer, the Guarantor, the Dealer Manager, the Information and Exchange Agent, the Trustee, the Agents and the Existing Bonds Trustee and the Existing Bonds Agents that:

- you have received, reviewed and accepted the terms of this Exchange Offer Memorandum and the terms and conditions of the Bonds;
- you currently hold the Existing Bonds at the time of submission of an electronic Instruction, and will continue to hold the Existing Bonds, until the time of settlement on the Settlement Date or the termination of the Exchange Offer;
- you have blocked the Existing Bonds (and they will remain blocked) in the securities account to which such Existing Bonds are credited in the relevant Clearing System with effect from, and including, the date on which the relevant Clearing System receives the electronic instruction until the time of settlement on the Settlement Date or termination of the Exchange Offer, all in accordance with the normal procedures of the relevant Clearing System and after taking into account the deadlines imposed by the relevant Clearing System;
- you will, through the clearing system, transfer the Existing Bonds which are the subject of the electronic instruction, on the Settlement Date, with full title, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and the Issuer and the Guarantor will acquire good, indefeasible and unencumbered title to such Existing Bonds, free and clear of all liens charges, claims, encumbrances, interests and restrictions of any kind, when the Issuer and the Guarantor accept the same; and
- you are the beneficial owner of, or are a duly authorised representative of one or more such beneficial owners of, the Existing Bonds and you are not a U.S. person and are not located in the United States of America at the time you submitted the electronic instruction and (ii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (x) you have full investment discretion with respect to the Existing Bonds covered by the electronic instruction or (y) the person on whose behalf you are acting is a non-U.S. person located outside the United States of America at the time he or she instructed you to accept the Exchange Offer.

If you are unable to give any of the representations and warranties described above, please contact the Dealer Manager. Do not send Existing Bonds or electronic instructions to the Dealer Manager, the Issuer, the Guarantor or the Information and Exchange Agent.

### ***Euroclear and Clearstream Participants***

To tender Existing Bonds pursuant to the Exchange Offer, a beneficial owner should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream, as applicable, and in accordance with the requirements of Euroclear or Clearstream, as applicable, a valid tender instruction that is received by the Information and Exchange Agent prior to or by the Expiration Deadline.

To meet the deadlines referred to in this Exchange Offer Memorandum, custodians, nominees and the relevant Clearing System may require you to act on a date prior to the Expiration Deadline. Additionally, they may require further information in order to process all requests to tender. Eligible Holders are urged to contact their custodians or the relevant Clearing System as soon as possible to ensure compliance with their procedures and deadlines.

Beneficial owners are advised to check with any bank, securities broker or other intermediary through which they hold Existing Bonds when such intermediary would need to receive instructions from a beneficial owner in order for that beneficial owner to be able to participate in the Exchange Offer by the Expiration Deadline specified in this Exchange Offer Memorandum.

***The deadlines set by any such intermediary and Euroclear or Clearstream, as applicable, for the submission of tender instructions will be earlier than the deadlines set forth in this Exchange Offer Memorandum.***

The submission of Existing Bonds for exchange will be deemed to have occurred upon receipt by Euroclear or Clearstream, as applicable, of a valid electronic Instruction in accordance with the requirements of Euroclear or Clearstream, as applicable. The receipt of such electronic Instruction by Euroclear or Clearstream, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, as applicable, and will result in the blocking of such Existing Bonds in Euroclear or Clearstream, as applicable, so that no transfers may be effected in relation to such Existing Bonds.

#### ***Determination of Validity***

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Existing Bonds pursuant to any of the procedures described above, and the form and validity of all documents will be determined by the Issuer and the Guarantor at their sole discretion, which determination will be final and binding absent a finding to the contrary by a court of competent jurisdiction. The Issuer and the Guarantor reserve the absolute right to reject any or all tenders of any Existing Bonds determined by them not to be in proper form, or if the acceptance of or exchange of such Existing Bonds may, in the opinion of their counsel, be unlawful or result in a breach of contract. A waiver of any defect or irregularity with respect to the tender of one Existing Bond shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Existing Bonds.

Your tender of the Existing Bonds will not be deemed to have been validly made until all defects or irregularities in your tender and delivery have been cured or waived. None of the Issuer, the Guarantor, the Dealer Manager, the Information and Exchange Agent, the Existing Bonds Trustee, the Trustee, the Existing Bonds Agents, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers, or any person who controls any of them or any other person or entity is under any duty to give notification of any defects or irregularities in any tender of any Existing Bonds, or will incur any liability for failure to give any such notification.

#### **NO PARTICIPATION BY THE ISSUER OR THE GUARANTOR**

The Issuer and the Guarantor may not submit any electronic Instructions.

#### **NO GUARANTEED DELIVERY**

There are no guaranteed delivery procedures provided by the Issuer, the Guarantor or any other entity making payments on their behalf in connection with the Exchange Offer. Eligible Holders must tender their Existing Bonds in accordance with the procedures set forth herein.

#### **THE EXISTING BONDS TRUSTEE AND EXISTING BONDS AGENTS**

In accordance with normal practice, the Existing Bonds Trustee and Existing Bonds Agents expresses no opinion on the terms of the Exchange Offer. The Existing Bonds Trustee and Existing Bonds Agents have not been involved in formulating the terms of the Exchange Offer, and makes no representation that all relevant information has been disclosed to holders of the Existing Bonds herein or that the information contained herein is accurate or complete. Each holder of the Existing Bonds is responsible for assessing the merits of the Exchange Offer. Accordingly, each of the Existing Bonds Trustee and Existing Bonds Agents recommends that the holders of the Existing Bonds seek their own independent financial, tax or legal advice with regard to the impact of the implementation of the Exchange Offer.

The Existing Bonds Trustee, the Trustee, the Bonds Notes Agents and the Agents shall not be required to calculate, verify or determine the Accrued Interest, the Exchange Consideration or the amount of Bonds to be issued pursuant to the Exchange Offer.

#### **INFORMATION AND EXCHANGE AGENT**

D.F. King Ltd. has been appointed as the Information and Exchange Agent for the Exchange Offer. Questions concerning exchange procedures or the Exchange Offer should be directed to the Information and Exchange Agent at the address and telephone numbers listed on the back cover of this Exchange Offer Memorandum. Holders of the Existing Bonds may also contact their broker, dealer, commercial bank, trust company or other nominee or custodian for assistance concerning the Exchange Offer. The Issuer and the Guarantor will pay the Information and Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses. The Issuer and the Guarantor have agreed to indemnify the Information and Exchange Agent against certain liabilities, including liabilities arising under the U.S. federal securities laws.

## **DEALER MANAGER**

Haitong International Securities Company Limited has been retained to act as the Dealer Manager for the Exchange Offer. The Issuer and the Guarantor have agreed to pay the Dealer Manager reasonable and customary fees for its services and the Issuer and the Guarantor will reimburse the Dealer Manager for its properly incurred expenses, including the reasonable out-of-pocket expenses and fees and disbursements of their legal counsel. The obligations of the Dealer Manager to perform its functions are subject to various conditions. The Issuer and the Guarantor have agreed to indemnify the Dealer Manager against various liabilities, including various liabilities under the U.S. federal securities laws. Questions regarding the terms of the Exchange Offer may be directed to the Dealer Manager at its applicable address and telephone number listed on the back cover of this Exchange Offer Memorandum.

The Dealer Manager or certain of its affiliates have provided, from time to time, and in the future may provide, certain investment banking and financial advisory services to the Issuer, the Guarantor and its affiliates, for which they have received, or in the future will receive, customary fees. In addition, the Dealer Manager or certain of its affiliates may have owned, currently own or may own, equity or equity-like securities of ours.

In the ordinary course of their businesses, the Dealer Manager or certain of its affiliates may at any time hold long or short positions, and may trade for their own account or the accounts of customers, in the Group's securities, including in the Existing Bonds. To the extent that the Dealer Manager or certain of its affiliates own Existing Bonds during the Exchange Offer, they may tender such Existing Bonds pursuant to the terms of the Exchange Offer. Such participation, if any, will be on the same terms and subject to the same conditions set forth in this Exchange Offer Memorandum applicable to other holders of the Existing Bonds.

## **ANNOUNCEMENTS**

The announcement of the commencement of the Exchange Offer, the final aggregate principal amount of the Existing Bonds tendered and accepted for exchange, the final total aggregate principal amount of the Bonds and the settlement of the Exchange Offer will be released via the websites of the Hong Kong Stock Exchange and the Transaction Website, and made through Euroclear or Clearstream, and will occur as specified in the section entitled "*Indicative Timetable*" unless otherwise extended or amended. All other announcements will be made through Euroclear or Clearstream. Significant delays may be experienced in publishing notices through Euroclear or Clearstream and the holders of the Existing Bonds are urged therefore to contact the Dealer Manager or the Information and Exchange Agent for the relevant announcements. All documents and announcements will be made available on the Transaction Website <https://www.dfkingltd.com/new-momentum/>, operated by the Information and Exchange Agent.

The Issuer, the Guarantor and the Information and Exchange Agent will announce the outcome of the Exchange Offer on the dates set out in the section entitled "*Indicative Timetable*" and the section entitled "*Description of the Exchange Offer*".

## **OTHER FEES AND EXPENSES**

The Issuer and the Guarantor will bear the fees and expenses of soliciting tenders for the Exchange Offer. Tendering holders of the Existing Bonds will not be required to pay any fee or commission to the Dealer Manager, the Existing Bonds Trustee or the Information and Exchange Agent. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other nominee or custodian, that holder may be required to pay brokerage fees or commissions to such broker, dealer, commercial bank, trust company or other nominee or custodian.

## **TRANSFER TAXES**

The Issuer and the Guarantor will pay all transfer taxes, if any, applicable to the exchange of the Existing Bonds pursuant to the Exchange Offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing the Existing Bonds for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Existing Bonds tendered;
- tendered Existing Bonds are registered in the name of any person other than the person signing; or
- a transfer tax is imposed for any reason other than the exchange of the Existing Bonds under the Exchange Offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the tendered Existing Bonds, the amount of any transfer taxes will be billed to the tendering holder.

## EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. This change resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 11 August 2015, the PBOC authorised market-makers to provide daily central parity quotations to the China Foreign Exchange Trading Centre with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. This change, and other changes that may be implemented such as further widening the trading band, may increase volatility in the value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

The following table sets forth information concerning exchange rates between Renminbi and the U.S. dollar for the years and periods indicated. These rates are provided solely for the convenience of the reader and are not necessarily the exchange rates (if any) used elsewhere in this Exchange Offer Memorandum or will be used in the preparation of the Group's periodic reports or any other information to be provided. Exchange rates of Renminbi into the U.S. dollar are based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

Period	Noon Buying Rate <sup>(1)</sup>			
	Period End	Average <sup>(2)</sup> (RMB per US\$1.00)	High	Low
2019 .....	6.9618	6.9014	7.1786	6.6822
2020 .....	6.5250	6.9042	7.1681	6.5208
2021 .....	6.3726	6.4382	6.5716	6.3435
2022 .....	6.8972	6.7518	7.3048	6.3084
2023 .....	7.0999	7.0896	7.3430	6.7010
December .....	7.0999	7.1402	7.1765	7.0999
2024				
January .....	7.1673	7.1707	7.1961	7.1426
February .....	7.1977	7.1935	7.1982	7.1799
March .....	7.2203	7.2015	7.2289	7.1804
April .....	7.2401	7.2374	7.2464	7.2305
May .....	7.2410	7.2327	7.2494	7.2071
June (through 7 June) .....	7.2466	7.2441	7.2475	7.2393

*Notes:*

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant month.

## CAPITALISATION AND INDEBTEDNESS

The following tables sets out the consolidated capitalisation and indebtedness of the Group as at 31 December 2023. The following table should be read in conjunction with the Audited Financial Statements and related notes, the English translation of which are included elsewhere in this Exchange Offer Memorandum.

	<b>As at 31 December 2023</b>	
	<b>Actual</b>	
	<b>(RMB)</b>	<b>(USD)<sup>(1)</sup></b>
	<i>(audited)</i>	<i>(unaudited)</i>
	<b>(In thousands)</b>	
<b>Short-term indebtedness</b>		
Short-term borrowings .....	202,506	28,522
Financial assets sold under repurchase agreements <sup>(2)</sup> .....	155,985	21,970
Other payables <sup>(3)</sup> .....	369,438	52,034
Bonds payable due within one year .....	1,708,171	240,591
Long-term borrowings due within one year .....	736,808	103,777
<b>Total short-term indebtedness .....</b>	<b>3,172,908</b>	<b>446,895</b>
<b>Long-term indebtedness</b>		
Long-term borrowings due after one year ..	1,036,683	146,014
Bonds payable due after one year .....	1,853,248	261,025
Long-term payables .....	153,985	21,688
<b>Total long-term indebtedness.....</b>	<b>3,043,916</b>	<b>428,727</b>
<b>Total indebtedness<sup>(4)</sup> .....</b>	<b>6,216,824</b>	<b>875,621</b>
<b>Total equity.....</b>	<b>4,142,500</b>	<b>583,459</b>
<b>Total capitalisation<sup>(5)</sup> .....</b>	<b>10,359,324</b>	<b>1,459,080</b>

*Notes:*

- (1) Exchange rates between Renminbi and U.S. dollar were at the rate of RMB7.0999 to US\$1.00, the noon buying rates in New York City on 29 December 2023 as set forth in the H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York.
- (2) Excluding non-interest bearing portion in an amount of approximately RMB19,000 thousands of financial assets sold under repurchase agreements.
- (3) Excluding non-interest bearing portion in an amount of approximately RMB425,911 thousands of other payables.
- (4) Total indebtedness equals the sum of total short-term indebtedness and total long-term indebtedness.
- (5) Total capitalisation equals the sum of total indebtedness and total equity.

Except as otherwise disclosed in the “*Overview of the Group — Recent Development*” and “*Description of the Group — Recent Development*”, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 31 December 2023.

## **DESCRIPTION OF THE ISSUER**

### **FORMATION**

The Issuer, New Momentum International Limited, is a BVI business company with limited liability incorporated in the British Virgin Islands on 4 July 2018, with BVI Company Number: 1984780. Its registered office is located at Unit 8, 3/F., Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands, VG1110. The Issuer is an indirect wholly-owned subsidiary of the Guarantor.

### **BUSINESS ACTIVITY**

The Issuer was established for the purpose of issuing securities and on-lending the proceeds to the Guarantor or its subsidiaries or affiliates. As at the date of this Exchange Offer Memorandum, the Issuer has not engaged, since its incorporation, in any material activities other than (i) the issuance of the Existing Bonds and other corporate bonds, (ii) the proposed issuance of the Bonds, (iii) the liability management exercises relating to the corporate bonds it had issued, and (iv) activities incidental to the foregoing, including the on-lending of the proceeds thereof to the Guarantor or its subsidiaries or affiliates.

### **DIRECTORS AND OFFICERS**

The sole director of the Issuer is Sheng Pengcheng.

### **FINANCIAL INFORMATION**

As at the date of this Exchange Offer Memorandum, the Issuer has no material assets or revenues and has no outstanding borrowings or contingent liabilities other than the Existing Bonds. Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements in the future. The Issuer is, however, required to keep such records that are sufficient to show and explain the Issuer's transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy. The Issuer has no subsidiary.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Company is a leading privately-controlled local AMC with mixed ownership headquartered in Anhui province, China. Established in 2014 by China Orient Asset Management Co., Ltd. (中國東方資產管理公司), Anhui Boya Investment Co., Ltd. (安徽博雅投資有限公司) and other enterprises with competitive resources, the Company is one of the first five local AMCs in China and the first privately-controlled AMC promulgated by the CBRC. The Company is also the first AMC in Anhui province licensed to engage in the bulk acquisition and disposition of financial distressed assets and one of the only two CBRC-licensed AMCs in Anhui province. Since its inception, the Group has developed a unique business model by leveraging synergies among its diverse business lines and closely cooperating with local governments to expand its businesses. Over the years, the Group has established a number of municipal and county-level asset management joint ventures with local governments in China.

The Group's principal business segments can be classified into the following: (i) distressed asset management, (ii) financial advisory services and fund management, and (iii) general investment. The following table sets out a breakdown of the Group's major businesses:

Distressed Asset Management	Financial Advisory Services and Fund Management	General Investment
<ul style="list-style-type: none"> <li>• Distressed asset acquisition and disposition</li> <li>• Distressed asset restructuring and investment</li> </ul>	<ul style="list-style-type: none"> <li>• Financial advisory services for distressed asset management</li> <li>• Private fund management</li> <li>• Financial advisory services for financing and investment</li> </ul>	<ul style="list-style-type: none"> <li>• Equity investment</li> <li>• Wealth management and other investments</li> <li>• Debt investment</li> <li>• Factoring</li> </ul>

Distressed asset management is the Group's core business and it comprises (i) distressed asset acquisition and disposition, and (ii) distressed asset restructuring and investment. The Group has accumulated extensive industry knowledge, operational experience, professional expertise and quality client base for distressed asset acquisition, management, restructuring and disposal. The Group also utilises its own capital to directly invest in companies with liquidity issues and provide financing services. The Group has developed an integrated operational system, cultivated and built up a professional team and maintained strong relationships with local governments, major commercial banks and financial institutions, and non-financial enterprises.

The Group provides a series of advisory services for distressed asset management including (i) entrusted distressed asset acquisition and management, and (ii) enterprise bankruptcy and restructuring advisory services. The Group's private fund management business primarily includes the management of urbanisation funds and other funds, which provide a series of financial products and services for companies with liquidity issues to manage their financial risks. The Group also provides advisory services for financing and investment to small and medium enterprises to enable them to achieve sustainable development throughout various stages of economic cycles.

In addition to distressed assets related business, the Group optimised its capital and increased its financial investments with an aim to improve return and the coordinated development to meet the various capital needs of customers. The Group's investment under regular financial business primarily include equity investment, investment in wealth management products, asset management plans and trust plans, debt investment and factoring products.

The following table sets out a breakdown of the Group's revenue by business lines and its absolute percentage of total revenue for the years indicated:

	Year ended 31 December					
	2021		2022		2023	
	Revenue	Per cent.	Revenue	Per cent.	Revenue	Per cent.
	(RMB in millions, except percentages)					
Distressed asset management .....	1,024.9	64.7	(5.0)	(0.9)	47.8	9.9
Financial advisory and fund management .....	402.0	25.4	442.1	80.5	228.8	47.3
General investment .....	78.1	4.9	148.0	26.9	205.8	42.5
Others <sup>(1)</sup> .....	79.6	5.0	(35.7)	(6.5)	1.6	0.3
<b>Total .....</b>	<b>1,584.5</b>	<b>100.0</b>	<b>549.3</b>	<b>100.0</b>	<b>484.0</b>	<b>100.0</b>

Note:

(1) Others mainly include revenue from rental income, government grants and tax incentives and exchange gains or losses.

## COMPETITIVE STRENGTHS

### **The Group is a leading local AMC with reputation in the local AMC market in China.**

The Company is a local AMC incorporated upon approval of the provincial government of Anhui and is among the first five local AMCs as well as the only privately controlled AMC approved by CBRC in 2014. It is also the first AMC in Anhui province that is able to engage in the bulk acquisition and disposition of financial distressed assets and one of the only two CBRC-licensed AMCs in Anhui province. As a first mover in the local AMC industry, the Group is well-positioned to capture local policy orientations, business opportunities and market trends. Benefiting from the Group's in-depth understanding of the local AMC industry and through its active participation in the local AMC industry and its continuing innovation, the Group has accumulated extensive experience in various business sectors, achieved outstanding performance and optimised its first-mover advantage. The Group also proactively lobbies and makes recommendations to regulatory authorities, contributing to the long-term sustainable development of the local AMC industry.

The Group has been optimising its organisational structure to facilitate efficient business operations. Through developing an experienced and professional team that brings together relevant business experiences and networking advantages, the Group has been able to cooperate with a broad range of partners to continuously consolidate its distressed asset management businesses. The Group has entered into strategic partnerships with various local governments, financial institutions and strategically important corporations through various financial products and flexible partnership models. Over the years, the Group had set up a number of municipal and county-level asset management joint ventures with local governments, enabling risks to be thwarted by local AMCs. The Group's leadership, position and reputation in the local AMC industry in China is well established and widely recognised by local government and within the local AMC industry.

### **The Group's business model and position enable the Group to capture market opportunities.**

China's economy is undergoing the process of reducing excess capacity, reducing inventory and transforming economic drivers to reconstruct China's economic structure have led to downturns in certain industries and enterprises in China. The development and structural transformation of China's economy have led to potential risks in the financial and nonfinancial sectors. In addition, the PRC government has strengthened supervision on the financial sector and promulgated a series of new regulations on asset management, which has accelerated the growth of distressed assets at commercial banks.

A great portion of distressed assets are held by local enterprises. Local AMCs could adopt flexible and efficient methods to dispose of distressed assets based on regional advantages, thereby resolving local financial risks and promoting sound and stable development of local economies. In addition, local AMCs also have the advantages in developing local operations and business extension. In the process of disposal of distressed assets in the local area, local AMCs enjoy more convenient conditions, which are conducive to reducing overall costs and increasing efficiency. By operating closely with the local government and local enterprises, local AMCs are able to develop a network of local financial institutions and non-financial enterprise, which shares information, integrates local financial resources and provides guidance for the transformation of regional economic structure. Local AMCs are therefore an increasingly influential force that plays an integral role in helping local governments and local enterprises utilise existing assets and manage distressed assets. Through such efforts, the relationship between local AMCs and the Four AMCs has also transformed from being solely competitive to being complementary where they cooperate and innovate together to achieve a win-win position.

Local AMC's positive influence on the development of local economies has been greatly enhanced by the favourable regulations issued by regulatory authorities. Since 2012, the PRC government has promulgated a series of regulations to support and encourage the development of local AMCs, which include, among others, encouraging the establishment of and private investment in local AMCs, encouraging local AMCs to actively participate in debt restructuring and allowing a province to have two local AMCs. However, due to the relatively high entry barrier, the number of AMC in China is limited, and most AMCs engage in the disposition of traditional non-performing financial assets but have little participation in distressed asset management and disposition business. The Group is well positioned to capture such rising opportunities in the distressed asset industry and benefit from favourable regulatory and economic conditions resulting from the continuing economic reforms in China.

### **The Group maintains a significant presence in Anhui province and benefits from its practical experience and abundant resources, allowing it to extend its asset management business to other major cities in China.**

The Group maintains significant presence in Anhui province. Anhui province has significant advantages in policy, economy, science and education, which set a solid foundation for the Group's development.

- ***Policy advantage.*** Anhui has been at the forefront of major national policy reforms. In 2014, the PRC government chose Anhui Province as one of the first five provinces to develop local AMCs, and the Company became the first privately-controlled local AMC in China. As a result, local governments within Anhui province have been very willing to cooperate with the Group. As the Group’s private funds under management mainly include urbanisation funds, the support and cooperation from local governments are of great significance as the private funds managed by the Group effectively promote urban development and transformation and upgrading of local industries. In addition, with the support of local governments, the Group had established municipal and county-level asset management joint ventures with local governments in China, which actively facilitate local economic development and are recognised by governments at all levels.
- ***Economic advantage.*** Manufacturing is one of the largest sectors in Anhui province. Account receivables accumulated by manufacturing enterprises, especially companies in traditional industries, such as coal, iron and steel, have become the main source of NFE Distressed Assets. In the financial industry, local financial institutions such as city commercial banks and rural commercial banks in Anhui province are also at the forefront in China in terms of development level, influence and innovation. With the acceleration of urbanisation and the implementation of structure reforms that focus on reducing excess capacities and inventories, deleveraging and cutting costs to improve certain traditional industries, the market supply of distressed assets in Anhui province has experienced steady growth in recent years.

The Group is focused on implementing the strategy of “converging intelligence and reconstructing values” (智匯國厚、重塑價值) to optimise the local financial sector and manage distressed assets in Anhui province.

Over the years, the Group has established its business across the country, including core cities such as Beijing, Shanghai and Shenzhen, through collaborating with local financial institutions and agencies. In 2019, the Company established its subsidiary, GOHO International Asset Management Limited in Hong Kong which obtained Type 4 (advising on securities) and Type 9 (asset management) licences under the Securities and Futures Ordinance of Hong Kong. Depending on the market conditions and the business demands, the Group plans to optimise its operation network, business structure and client connection, as well as to facilitate the balanced development of its business.

**The Group possesses leading distressed asset management capabilities and provides comprehensive financial services.**

The Group has developed a comprehensive distressed asset management ecosystem in the process of resolving difficulties for financial institutions, local governments and small and medium enterprises, establishing a benchmark in the local AMC industry. In addition, the Group’s focus on distressed asset management is significant in providing a “stabilising” role in the local economy:

- ***Diverse investment strategies***

Since the Group’s establishment, the Group has been focusing on distressed asset management and actively acquiring distressed assets from financial and non-financial institutions via market-oriented methods. The Group also adopts a variety of investment strategies and operation models to realize, preserve and appreciate the value of multiple types of distressed assets.

- ***Leveraging synergies from its diverse business segments***

Leveraging the synergies resulting from collaboration across its various business segments across distressed asset management, financial advisory services and private fund management, as well as the adoption of a diversity of distressed asset-related operational activities, the Group believes that it is well established to provide financial assistance to problematic enterprises, problematic projects and problematic institutions to overcome their financial crises and risks. The Group boasts strong first-mover advantages in terms of asset acquisition and disposition. Over the years, the Group has accumulated extensive experience in due diligence, valuation, pricing, asset disposal, operation and management and has developed competitiveness in the AMC industry.

The Group’s extensive service network facilitates the Group in establishing a good communication and coordination with local governments, financial institutions and enterprises in disposing distressed assets and obtaining first-hand information in time, which improves the Group’s due diligence and valuation work and boosts its efficiency and quality in the acquisition and disposition of distressed assets. As at 31 December 2021, 2022 and 2023, the Group generates revenue from its asset-light business, namely financial advisory services and fund management business, of RMB402.0 million, RMB442.1 million and

RMB228.8 million, respectively, representing 25.4 per cent., 80.5 per cent and 47.3 per cent., respectively, of the Group's total revenue as at the same date.

**The Group has established a scientific, standardised and prudent risk management system.**

The Group's business has benefited from its prudent risk management strategies. The Group is committed to establishing and improving a risk management system that is consistent with its development strategies, business scale and business management. The Group also strives to improve its scientific, standardised and efficient risk management system which covers various risks, including credit risk, market risk, liquidity risk, operational risk and reputation risk.

The Group implements its risk management policies through four hierarchies based on its corporate governance structure, and three lines of defence adopted in its operations. The four hierarchies include (i) the Board of Directors, its risk management committee, audit committee and the Board of Supervisors; (ii) the operation decision-making committee; (iii) the risk and compliance management department and financial management department; and (iv) Company's subsidiaries. The three lines of defence mainly include (i) business departments and the Group's subsidiaries; (ii) the risk and compliance management department and financial management department; and (iii) the inspection and audit department. The Group has established a sound and comprehensive internal control mechanism that consists of risk prevention, risk control and follow-on supervision and rectification, which effectively ensures the independence of and firewall between risk control and business operation.

The Group has substantially integrated its subsidiaries into its risk management system. Business proposals, formal plans and revisions of all business projects or transactions proposed by the Company's subsidiaries are all required to go through the same approval procedures as the Company's business departments. It exercises such approval power in its capacity as the controlling shareholder of its subsidiaries. For subsidiaries which have established complete risk management system and sound operational mechanism, the operation decision-making committee of the respective subsidiary has the power to approve the business proposals of the business projects or transactions proposed by business departments of such subsidiary while the corresponding formal plans and their revisions still go through the same approval procedures as its business departments do. In addition, the Group has established an online business decision-making committee through the OA system to achieve online independent voting and approval, which makes it unnecessary to hold an onsite meeting every time. It not only ensures the fairness and objectivity of the voting but also improves the efficiency of decision-making.

**The Group benefits from a diversified ownership structure combined with market-oriented and standardized operations and a qualified professional team.**

The Company is the first mixed-ownership enterprise among all local AMCs in China. As a result, the Company has both standardised corporate governance of SOEs and the market-oriented culture of private enterprises. The effective integration of the two has brought about significant advantages to the Group. The Company's state-owned shareholders (including but not limited to Beijing Cultural Investment Development Group Co., Ltd. (北京文投集團), China Everbright Trust (中國光大信托) and XCMG Group (徐工集團)) provide strong brand support and also facilitate the Group's cooperation with local governments and state-owned financial institutions. Meanwhile, the diverse background of the Company's shareholders provides the Company with practical and diversified experiences and support from different industries. The market-oriented culture of private enterprises have enabled the Group to establish a market-oriented operating model, efficient and flexible decision-making procedures and a scientific incentive and restraint mechanism, which have generated strong growth drivers and have promoted the Group's sustainable development.

The Group's management team has excellent strategic vision and extensive experience in the local AMC industry. The Group's chairman, Mr. Li Houwen, has over 16 years of management experience. Mr. Li Houwen is currently the executive chairman of Anhui Enterprises (Entrepreneurs) Association (安徽省企業(企業家)聯合會) and member of standing committee of a chamber of commerce directly under Anhui Federation of Industry and Commerce (安徽省工商聯). Mr. Li Houwen was recognised as "Top Ten Innovative Anhui Entrepreneur" in 2016, and one of the "100 Prominent Anhui Entrepreneurs in Four Decades Since Reform and Open-up" in 2018. In addition, Mr. Li Houwen was honoured the title of "Top Ten Remarkable Figures" in China's local AMC industry at the third China Local AMC Forum (第三屆中國地方 AMC 論壇) held in April 2018 in recognition of Mr. Li Houwen's contributions to the development of the local AMC industry.

Leveraging on its human resource management strategies and training systems as well as sound performance review mechanism, the Group has cultivated a qualified professional team. The Group has also implemented advanced talent strategies under which the Group encourages its employees to cultivate capability as well as integrity, self-motivation and the ability to work in the frontline as well as at the management level.

**BUSINESS STRATEGIES**

**The Group will keep focusing on core distressed asset management and optimise innovative development.**

Leveraging on synergy across business sectors, together with a diversity of investment strategies and operational philosophies and models, the Group will continue to endeavour its contribution to (i) realising a win-win situation between commercial and social values, (ii) resolving difficulties for financial institutions, local governments and small and medium enterprises and achieving asset value appreciation, and (iii) preventing and addressing regional financial risks, serving the local economy, boosting the supply-side structural reform and promoting the transformation and upgrading of small and medium enterprises.

**The Group will deepen collaboration with local governments and counterparties and establish an ecosystem for financial services and asset management businesses.**

The Group intends to leverage its leading position in the local AMC industry and consolidate its cooperating relationships with local governments, enterprises, financial institutions and other financial agencies to establish an ecosystem for financial services and asset management businesses. The Group intends to steadily enhance and strengthen the competence, comprehensiveness and service capabilities of its core businesses by continuous acquisition and development of talent, capital, technology and resources. In particular, the Group intends to capture the opportunities for technology innovation and develop financial technology to complement and enhance its asset management businesses to be better positioned for future opportunities and create new growth drivers. Leveraging on emerging technologies such as big data, cloud computing and blockchain, the Group intends to improve the efficiency and quality in asset disposal and build a “distressed asset plus” ecosystem. Drawing on its comprehensive advantages in the principal business of distressed asset management and the strengths of financial technology team that it will cooperate with in new technologies, it will be able to provide technical support to relevant business segments within the Group and offer technical services covering the whole life cycle of the distressed asset management business in turn making it better positioned for future opportunities and creating new growth drivers.

**CORPORATE MILESTONES**

As at the date of this Exchange Offer Memorandum, the Company had a registered capital of RMB2.8 billion.

The table below sets out certain milestone events of the Group:

<u>Year</u>	<u>Milestone events</u>
2014 .....	<p>In April, as the only privately- controlled local AMC among the first batch of local AMCs in China, the Company, formerly known as Anhui GoHo Financial Asset Management Co., Ltd. (安徽國厚金融資產管理有限公司), was established in Wuhu, Anhui province, the PRC.</p> <p>In July, the Company obtained the qualification for bulk acquisition and disposition of financial assets issued by the CBRC and became one of the first five local AMCs in China and the only local AMC in Anhui province licensed to engage in bulk acquisition and disposition of financial assets in China.</p> <p>In September, the Company acquired the distressed asset package of a national joint stock bank branch and a local commercial bank.</p> <p>In April, GoHo Investment was incorporated.</p>
2015 .....	<p>In May, GoHo Investment obtained the qualification for private equity fund management by Asset Management Association of China (中國基金業協會) (registration number: P1014021).</p> <p>In June, the Company acquired the distressed asset package of a state-owned bank.</p> <p>In October, the Company completed its debut issuance of distressed asset-backed securities.</p> <p>In December, the Company was granted the title of “Top Ten Chinese Companies in Corporate Culture Development” (中國企業文化建設十強單位) by China Chamber of International Commerce (中國國際商會), Cheung Kong Graduate School of</p>

	Business (長江商學院) and Oriental Enterprise Culture Magazine (東方企業文化雜誌社).
2016 .....	<p>In January, the Company hosted the “2016 Anhui Entrepreneur New Year Symposium” attended by more than 500 outstanding entrepreneurs from Anhui province and a number of provincial and ministerial leaders.</p> <p>In March, the Company completed its debut private placement by issuing bonds with an aggregate principal amount of RMB500.0 million and coupon rate of 5.7 per cent.</p> <p>In April, the Company completed its first underwriting of income right certificates on Anhui Equity Exchange with an aggregate principal amount of RMB300.0 million.</p> <p>In November, the Company initiated and completed its first debt-to-equity swap project.</p>
2017 .....	<p>In July, the Company was granted an “AA+” credit rating by Dagong Global Credit Rating Co., Ltd.</p> <p>In October, the Group’s Shenzhen headquarter was opened for business.</p> <p>In November, Shenzhen Goho Commercial Factoring Co., Ltd. (深圳國厚商業保理有限公司) was incorporated.</p> <p>In December, the Company successfully held the 16th China Entrepreneur Summit (中國企業領袖年會) themed “Distressed Asset Management Sub-Forum and the First China Distressed Asset Management 50 Forum”. The Company was also the vice chairman entity for China AMC 50 Forum (中國 AMC 發展 50 人論壇副理事長單位).</p>
2018 .....	<p>In March, the Company completed shareholding reform and changed its name to GoHo Financial Asset Management Co., Ltd. (國厚金融資產管理股份有限公司).</p> <p>In May, the Company successfully issued its first tranche of corporate bonds in the aggregate principal amount of RMB1 billion via private placement.</p> <p>In August and September, the Company completed its debut issuance of principal protected notes with the aggregate principal amount of RMB1 billion.</p>
2019 .....	<p>In January, GOHO International Asset Management Limited obtained Type 4 (advising on securities) and Type 9 (asset management) licences from the Securities and Futures Commission of Hong Kong.</p> <p>In March, the Company changed its name to Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司).</p> <p>In March, the Company was awarded Leading Development Excellence Award and Outstanding Case Award in 2018 by Chinese Local AMC Forum.</p> <p>In August, the Company made capital injection of approximately RMB1,030 million and became the largest shareholder of Chang An Insurance.</p> <p>In December, the Company was awarded Leading Brand in China Local AMC Industry in 2019 by ChinaTimes.</p>
2020 .....	<p>In August, the Company was elected as the chairing entity of the Supervisory Committee of Chamber of Commerce for Business Enterprises in Anhui Province (安徽省工商企業合作交流商會監事會).</p> <p>In August, the Company was awarded 2019 PRC Local AMC Corporate Social Responsibility Enterprise of the Year Award (2019 年度中國地方 AMC 最具社會</p>

責任企業) and 2019 PRC Local AMC Best Project of the Year Award (2019 年度中國地方 AMC 最佳項目獎) by China Local AMC Forum (中國地方 AMC 論壇).

In August, the Company was elected by the Higher People's Court of Anhui province as one of the provincial-level administrators for enterprise bankruptcy cases.

2021 .....

In January, as approved by the CBIRC, the Company is one of the first batch of local AMCs in China and the only local AMC in Anhui province licensed to accept corporate non-performing loans and bulk personal non-performing loans. The Company started its experimental business of non-performing loans transfer.

In January, the Company was elected as the director entity for Shenzhen Qianhai Financial Association (深圳市前海金融同業公會理事單位).

In March, the Company was awarded 2020 Real Economy Innovation Service Award of the Year (2020 年度實體經濟創新服務獎) by ChinaTimes.

In April, the Company was awarded 2020 PRC Local AMC Reform and Innovation of the Year Award (2020 年度中國地方 AMC 改革創新獎) and 2020 PRC Local AMC Best Case of the Year Award (2020 年度中國地方 AMC 最佳案例獎) by Chinese Local AMC Forum (中國地方 AMC 論壇).

In May, the Company was awarded Advanced Financial Institution Supporting Local Economic Development (金融機構支持地方經濟發展先進單位) by Wuhu government financial work leading group.

In August, Shanghai Mengyuan Investment Management Center (Limited Partnership) (上海梦元投资管理中心 (有限合伙)) entered into an agreement with Wuhu Houshi Trading Co., Ltd. (芜湖厚实商贸有限公司) to transfer 2.207 per cent. of its equity interest in the Company to Wuhu Houshi Trading Co., Ltd. (芜湖厚实商贸有限公司).

2022 .....

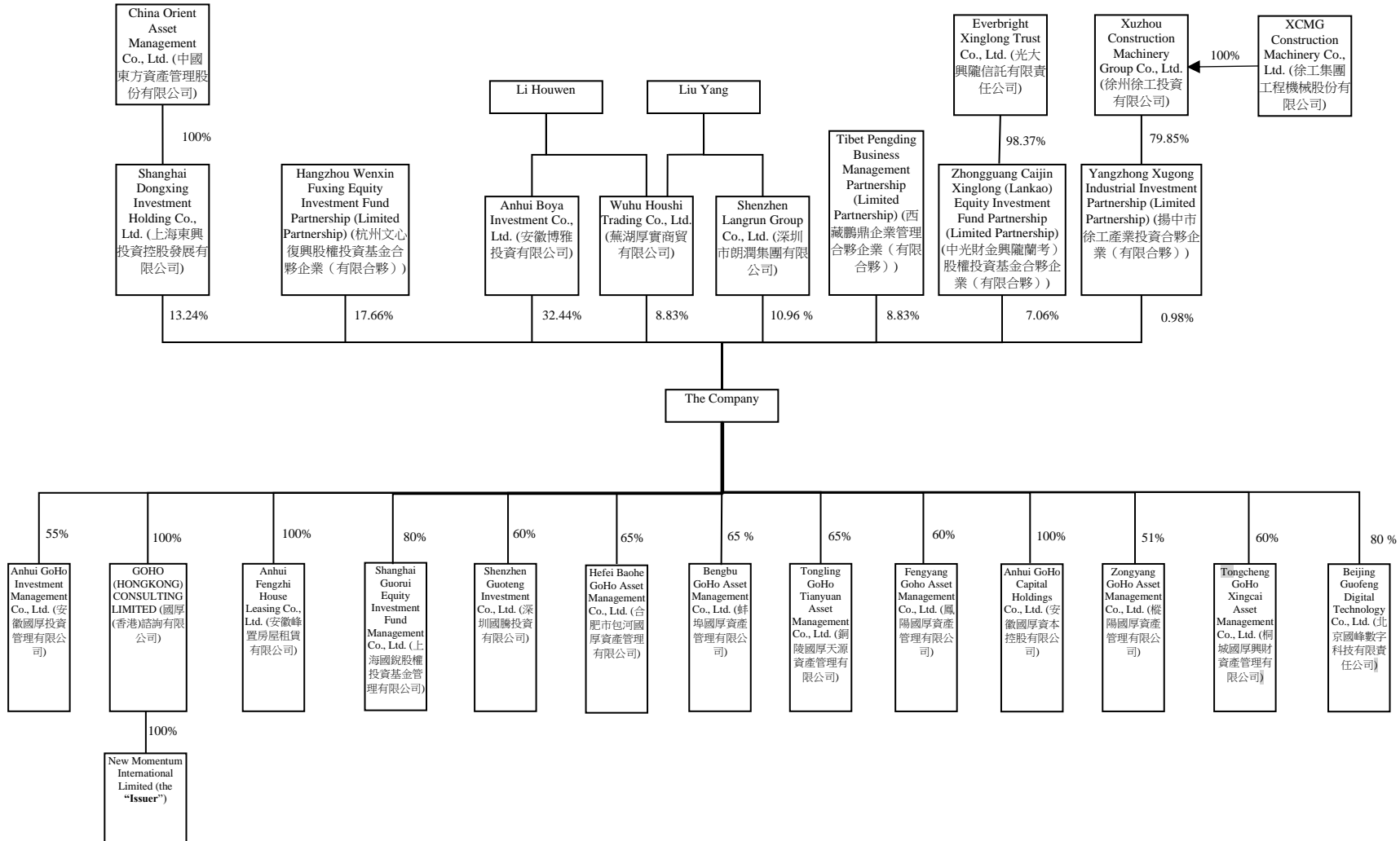
In February, the Company was granted the title of "Company with Prominent Tax Contributions" (稅收貢獻突出企業) by the district committee and local government of Jiujiang District for the seventh consecutive year since 2015.

In February, the Company was granted the title of Top 30 Modern Service Enterprises in Anhui Province (安徽省現代服務業企業 30 強) by Anhui Provincial Government.

In June, the Company was awarded 2021 PRC Local AMC Best Case of the Year Award (2021 年度中國地方 AMC 最佳案例獎) by Chinese Local AMC Forum (中國地方 AMC 論壇).

## CORPORATE STRUCTURE

The following chart sets out a simplified corporate structure of the Group as at 31 December 2023, which shows the Company, its shareholders and major subsidiaries.



## THE GROUP'S PRINCIPAL BUSINESSES

### Overview

The Group's principal business segments can be classified into the following: (i) distressed asset management, (ii) financial advisory services and fund management, and (iii) general investment.

The following table sets out a breakdown of the Group's major businesses:

Distressed Asset Management	Financial Advisory Services and Fund Management	General Investment
<ul style="list-style-type: none"> <li>• Distressed asset acquisition and disposition</li> <li>• Distressed asset restructuring and investment</li> </ul>	<ul style="list-style-type: none"> <li>• Financial advisory services for distressed asset management</li> <li>• Private fund management</li> <li>• Financial advisory services for financing and investment</li> </ul>	<ul style="list-style-type: none"> <li>• Equity investment</li> <li>• Wealth management and other investments</li> <li>• Debt investment</li> <li>• Factoring</li> </ul>

Distressed asset management is the foundation of the Group's business. The Group's distressed asset management business comprises (i) distressed asset acquisition and disposition, and (ii) distressed asset restructuring and investment. The income from this business line primarily includes net gains on disposal at distressed assets, income from distressed assets classified as debt investment income, gains from changes in fair value on distressed assets, interest income and investment income. The Group has accumulated extensive industry knowledge, operational experience, professional expertise and quality client base for distressed asset management. The Group has also developed an integrated operational system, cultivated and built up a professional team and maintained strong relationships with local governments, major commercial banks and financial institutions, and non-financial enterprises. In addition, it has also developed robust risk management capabilities and leading risk-based pricing capabilities. These competitive strengths in distressed asset management have enabled it to successfully expand its business to private fund management business and establish diversified business lines.

The Group's financial advisory services and fund management business comprises (i) financial advisory services for distressed asset management, (ii) private fund management services, and (iii) financial advisory services for financing and investment. The Group's private fund management business primarily includes the management of urbanisation funds and other funds, which provide a series of financial products and services for companies with liquidity issues to manage their financial risks and primarily generate fee and commission income. Leveraging on its accumulated industry experience in distressed asset acquisition, management, restructuring and disposal, the Group provides a series of advisory services for distressed asset management including (i) entrusted distressed asset acquisition and management, and (ii) enterprise bankruptcy and restructuring advisory services. The Group also provides advisory services for financing and investment to small and medium enterprises to enable them to achieve sustainable development throughout various stages of economic cycles.

In addition to distressed assets related business, the Group optimised its capital and increased its financial investment with an aim to improve return and the coordinated development to meet the various capital needs of customers. The Group's general investment under regular financial business primarily include equity investment, investment in wealth management products, asset management plans and trust plans, debt investment and factoring products. The Group mainly generates investment income and interest income from these businesses.

The following table sets out a breakdown of the Group's revenue by business lines and its absolute percentage of total revenue for the years indicated:

	Year ended 31 December					
	2021		2022		2023	
	Revenue	Per cent.	Revenue	Per cent.	Revenue	Per cent.
	(RMB in millions, except percentages)					
Distressed asset management .....	1,024.9	64.7	(5.0)	(0.9)	47.8	9.9
Financial advisory and fund management .....	402.0	25.4	442.1	80.5	228.8	47.3
General investment .....	78.1	4.9	148.0	26.9	205.8	42.5
Others <sup>(1)</sup> .....	79.6	5.0	(35.7)	(6.5)	1.6	0.3
<b>Total .....</b>	<b>1,584.5</b>	<b>100.0</b>	<b>549.3</b>	<b>100.0</b>	<b>484.0</b>	<b>100.0</b>

Note:

(1) Others mainly include revenue from rental income, government grants and tax incentives and exchange gains or losses.

## **Distressed Asset Management**

Distressed asset management is the Group's core business and important source of income and profit. As the Group has a deep understanding of local companies, it is able to determine accurate valuations upon disposal of distressed assets, and adopt flexible methods for distressed asset management.

### ***Types of Assets***

The Group classifies its distressed debt assets into two categories by the sources of acquisition: (i) FI Distressed Assets and (ii) NFE Distressed Assets.

#### ***FI Distressed Assets***

The FI Distressed Assets that the Group acquires primarily include NPLs and other distressed debt assets from large commercial banks, joint stock commercial banks and city and rural commercial banks.

#### ***NFE Distressed Assets***

The acquisition and disposition of NFE Distressed Assets is an integral part of the Group's distressed asset management business. NFE Distressed Assets refer to distressed debt assets possessed and controlled by non-financial enterprises, which are generally generated during operating activities, borrowing and lending, and investment activities. The NFE Distressed Assets acquired by the Group primarily include accounts receivable and other receivables of non-financial enterprises. These distressed debt assets include (i) overdue receivables, (ii) receivables expected to be overdue, and (iii) receivables from borrowers with liquidity issues.

### ***Distressed Asset Acquisition and Disposition***

#### **Business Model**

The Group conducts its distressed asset management business mainly through self-disposal model and entrusted disposal model.

Under the self-disposal model, the Group acquires packages of distressed debt assets from financial institutions through public bidding and disposes assets itself through approaches such as negotiation, litigation, enforcement, liquidation, asset restructuring and swap as further described below in this Exchange Offer Memorandum. The Group acquires distressed debt assets at a discount to their original value and subsequently disposes of the acquired assets to realise profit. Under the entrusted disposal model, the Group acquires packages of distressed debt assets from financial and (to a larger extent) non-financial institutions through negotiated transfers. The Group either acquires the distressed debt assets itself and entrusts third parties to manage and dispose assets, or enters into agreements with third parties and jointly acquires the distressed debt assets and manages and disposes the assets together with relevant parties. Under the lateral arrangement, the division of responsibilities and risks among parties and income to be earned by each party will be pre-determined in the agreement. The Group usually takes the responsibilities of acquisition risk evaluation and price determination, asset management and disposal strategy planning and customer relationship management.

Based on the characteristics of the distressed debt assets, the repayment abilities of the debtors, the conditions of the collateral securing the distressed debts assets and the levels of risks involved, the Group realises value preservation and appreciation of these assets through flexible disposal or restructuring and obtaining cash proceeds or assets with operational value. The Group finances its acquisitions mainly through debt financing, equity financing and alternative financing.

#### **Distressed Asset Acquisition and Disposition Process**

The Group primarily acquires packages of distressed assets from financial institutions through public bidding or negotiated transfers. Under the distressed acquisition and disposition business, the Group analyses and classifies the assets based on their characteristics and tailors its management strategies according to the special features of different assets. The Group utilises various disposal methods to increase asset value and maximise cash recovery.

#### ***Sourcing Distressed Assets for Acquisition***

The Group sources acquisition opportunities for the acquisition and disposition business primarily through the following means: (i) establishing regular communication channels with various financial institutions to stay informed of their disposal plans, (ii) tracking the asset package sale announcements issued by financial institutions and following up on invitations received for participating bidding for asset transfers, and (iii) involving itself as early as possible in relevant projects through the execution of strategic cooperation agreements.

### *Due Diligence Investigations*

The Group conducts its due diligence investigations both on-site and off-site prior to its acquisition of distressed assets. Its investigation methods include census investigations and sample investigations. The Group chooses different investigation methods according to the size of the distressed asset package, investigation conditions and available time. In census investigations, the Group investigates all distressed assets contained in a distressed assets package. During sample investigation, the Group selects and investigates the important and representative distressed assets from a distressed assets package.

On-site investigations primarily include (i) conducting site visits to the business premises of debtors, guarantors and related parties and inspecting the conditions of their business operations, (ii) conducting site visits to inspect the collateral and other important assets to be acquired and investigate the condition and market value of similar assets, and (iii) investigating the indebtedness of the debtors.

For off-site investigations, the Group primarily reviews written documents related to the distressed assets, including loan contracts or agreements, relevant accounting documents and legal documents about legal relationship involving and shareholding structure of the debtors. The Group performs necessary analysis on the information collected for distressed assets to be acquired through the due diligence process to form the basis for asset valuation.

### *Valuation Mechanism*

The Group's asset valuation is based on the results of due diligence, focusing on cash flow analysis and accounting for the costs and risks involved. When conducting asset valuation, the Group focuses on the structure of the transaction, the asset's ownership, the debtor company's operating conditions and business prospects, past valuation information and precedent transactions. The Group also considers external factors such as locations, relevant government policies, market factors and environmental factors.

The Group employs different valuation methods for debt, equity, tangible assets and land use rights. The valuation methods the Group employs for debt assets include the hypothetical liquidation method, the cash flow method and the comparable transaction method. The valuation methods the Group employs for equity assets include the market method, the income method and the cost method. The valuation methods the Group employs for tangible assets include the hypothetical liquidation method, the market comparison method, the income method and the cost method. The Group's valuation methods for land use rights also include the income capitalisation method, the residual method, the cost approach method and the land base price correction factor method.

### *Acquisition Process*

The Group acquires distressed assets primarily through public bidding and negotiated transfers. The discount rate between the Group's acquisition price and the original value of the assets depends primarily on asset quality and market competition.

### *Post-acquisition Routine Management*

The primary goals of the Group's post acquisition routine management of distressed assets are value discovery and enhancement, as well as minimising value impairment risks of these assets. During routine management, the Group will further seek to understand the debtor's willingness and ability to repay, the condition and liquidity of the collateral and the guarantor's repayment capability. The Group also continues to conduct research on the liquidity of the collateral and solvency of the guarantor. Based on actual conditions of distressed assets, the Group makes corresponding adjustments to the disposal cycle and strategies. For distressed assets whose values are depreciating, the Group continuously monitors incidents that may result in loss to the assets and prepares asset preservation strategies and related implementation plans to deal with such potential loss.

The Group generally designates managers responsible for the overall management of distressed assets it has acquired. A manager's duties include: (i) collecting debts in a timely manner and taking appropriate measures before the expiration of statutory periods such as the applicable statute of limitations and guarantee periods in order to safeguard its interests; (ii) conducting regular due diligence and updating information in its due diligence information systems; (iii) monitoring the compliance of debtors and guarantors, closely tracking changes in the value of collateral and promptly reporting and proposing remedial measures for debt evasion and other serious issues; (iv) regularly performing valuations for debt assets; and (v) making claims during legal or bankruptcy proceedings (if any). The managers generally conduct monthly due diligence on distressed assets. If there have been no material changes during its monthly due diligence, the Group will conduct due diligence every three months instead.

### *Disposal Approaches*

Based on the disposal plan determined at the time of the acquisition, the actual circumstances of disposal, the constraints of financial cost and its general plan, the Group adopts one or a combination of the following disposal approaches for distressed assets:

- Regular collection. The debtor company repays debts in accordance with the terms of the original loan agreement.
- Collection through litigation. The Group collects the debts from the relevant parties through litigation or arbitration.
- Individual transfer. The Group directly sells individual distressed assets in the market.
- Package-and-transfer. Based on market demand and its marketing plan, the Group forms asset packages for sale by combining selected debts, equities and tangible assets in order to reduce its disposal costs and enhance the value of its distressed assets.
- Asset restructuring. The Group restructures the assets of the debtor company in property right markets and capital markets to enhance the overall value of its distressed assets.
- Debt-to-equity swaps. Through negotiation with the debtor company, the Group exchanges the debt it holds in the debtor company for its equity interest.
- Debt composition. The Group restructures the debts through discounted collection, debt renewal, debt consolidation and debt transfer.
- Liquidation. The Group realises the value of its distressed assets through liquidation.
- Receipt of shares or assets in satisfaction of debts. Where the debtor company is willing to repay its debts but is unable to pay cash, the Group receives shares or tangible assets in satisfaction of debts through negotiation or judicial proceedings.
- Entrusted disposal. The Group entrusts the disposal of distressed assets to law firms and distressed asset management companies and pays service fee.
- Others. The Group also adopts other disposal approaches for distressed assets, including creditors' rights transfer, debt restructuring, asset leasing and asset replacement.

### *Operational Cycle*

The operational cycle of the Group's projects generally lasts from six to 24 months. The operational cycle is affected by various factors, including the characteristics of the distressed asset package, the disposal approaches, the cooperation of debtors and guarantors and market conditions.

### ***Distressed Asset Restructuring and Investment***

Under distressed asset restructuring and investment business, the Group enhances the value of existing distressed debt assets through restructuring and provides diversified financial services for enterprises in short-term liquidity difficulties. Without extending additional credit to the debtor companies of the existing distressed debt assets, the Group helps to improve their liquidity and operating conditions through various restructuring measures, such as debt restructuring and asset consolidation. For the management of distressed assets, the Group benefits from the vast industry experience, restructuring capabilities and client resources that the Group has accumulated through its distressed asset acquisition and disposition business. The Group believes the development and structural transformation of China's economy will provide a steadily increasing supply of distressed assets and significant opportunities for this business.

The Group also utilises its own capital to directly invest in companies with liquidity issues and provide financing service. Taking advantages of its expertise in distressed asset management, it proactively seeks companies and projects that have value appreciation potentials and favourable development prospects to provide financial support for the optimisation of asset value. Therefore, although the Group's customers under distressed asset restructuring and investment are primarily enterprises with liquidity difficulties, the companies and assets the Group invests in have great potential for growth or value appreciation. The Group provides financing to these companies through debt and equity investment, subject to and in accordance with its risk management and internal control requirements.

### *Sourcing Distressed Assets for Acquisition*

The Group sources acquisition opportunities for distressed assets that may be suitable for the restructuring primarily through (i) active marketing by the Company and its subsidiaries, (ii) referrals from existing clients, and (iii) referrals from financial institutions and other business partners. The Group usually enters into consulting and advisory agreements with the related parties of the distressed assets before it enters into restructuring agreement.

### *Due Diligence Investigations*

The Group conducts comprehensive on-site and off-site due diligence investigations mainly on the financial conditions, asset conditions and repayment capabilities of the debtors and their related parties, industry prospects, guarantee capability of the guarantors and changes in the value of collateral for the purpose to learn the appreciation potentials of the distressed assets and possibilities of effective restructuring plans. In the case of acquisitions of NFE Distressed Assets, the Group pays special attention to the verification of the contractual obligations between the original creditors and debtors.

### *Acquisition and Restructuring Process*

When deciding whether to acquire certain distressed assets, the Group mainly considers: (i) whether the principal and restructuring returns can be fully recovered in a timely manner; (ii) the quality and value appreciation potentials of the distressed assets; (iii) whether the rights and obligations of the creditors and debtors are clear; (iv) the authenticity, legality, adequacy, validity and feasibility of the guarantee conditions and collateral; and (v) whether value of the distressed assets could be realised through restructuring. The Group will proceed with valuation after due diligence has been completed and the Group has decided to acquire the target distressed assets. The Group follows strict procedures for asset valuation.

The Group acquires distressed assets primarily through negotiated transfer. During the course of its acquisition of distressed assets, the original creditor assigns all its legal and beneficial right, title and interest in the distressed assets to the Group on the terms and conditions set out in the relevant restructuring agreements. The Group determines the acquisition price and the methods of restructuring for distressed assets at the time of acquisition according to their risk levels, the characteristics of the debts and the actual situations of the debtor companies and enters into restructuring agreements with the debtors and their related parties that are necessary for the restructuring, such as other creditors of the debtors or project companies. Its restructuring methods primarily include debt restructuring, asset consolidation and debt-to-equity swaps, with different levels of complexity.

- Debt restructuring. For debtor companies with short-term liquidity issues, the Group typically employs the debt restructuring method. The Group modifies agreements or consolidates debts to match the new terms of debts with the debtor companies' long-term repayment capability, thereby eliminating the liquidity risk of the debtor companies.
- Asset consolidation. For projects where the debtor companies suffer from poor management and face complex debt structures, but possess core assets with significant potential for value appreciation, such as real estate, the Group typically employs the asset consolidation method. Based on its understanding of the value of the core assets, the Group helps to resume the construction and operation of such assets through debt restructuring, clean-up and consolidation. The Group also helps to enhance asset values through additional investments and participation in daily management, and realise gains from asset value appreciation.
- Debt-to-equity swaps. For debtor companies that suffer from liquidity shortages and operating difficulties but are still capable of generating value from their business operations, the Group typically employs the debt-to-equity swap method. The Group establishes joint ventures to conduct debt-to-equity swaps, obtain equity assets primarily through equity swaps of distressed debt assets, enhance asset value by improving the business operation of the companies, and plans to exit its investment through asset disposal, merger and acquisition and restructuring.
- Equity investments. For debtor companies that suffer from liquidity shortages and operating difficulties, after the Group acquires and restructures their distressed debt assets, it acquires equity of the debtor companies through making or increasing its equity investment in order to enhance the assets' value. The equity investment not only serves to facilitate debt recovery of the debtor companies, but also maximises the overall profitability of the Group through the disposal of equity. The Group engages in financial investments and receives dividend income and investment income from the disposal of its equity holdings.

The Group flexibly utilises the disposal approaches and restructuring methods. If the restructuring plans fail to proceed as expected, the Group will realise asset value through disposal of the distressed assets.

### *Routine Management*

The Group's primary objective in the routine management of distressed assets is to monitor debtor performance under the restructuring agreements and detect potential risks that may affect the debtor company's ability to perform its obligations under the restructuring agreement. The Group conducts monthly on-site and off-site due diligence to gain an in-depth understanding of the debtor. When the debtor companies and their relevant parties fail to perform the restructuring agreements, the Group will dispose of the relevant distressed assets by using methods generally applicable under the distressed asset acquisition and disposition business, including collection through litigation and sales.

### **Financial Advisory Services and Fund Management**

#### *Financial Advisory Services for Distressed Assets Management*

The Group actively develops existing customer resources and leverages its accumulated industry experience in distressed asset acquisition and management to provide tailor-made financial solutions to companies and financial institutions to help them acquire distressed assets and enhance their fund efficiency. The Group mainly generates financial advisory income and fee and commission income from such business lines.

#### *Entrusted Distressed Asset Acquisition and Management*

The Group is entrusted by commercial banks, financial institutions and non-financial enterprises to acquire and manage distressed assets. By developing its entrusted distressed asset business, the Group is able to facilitate "capital-light" operations and promote more efficient use of capital to achieve an effective match between its distressed assets resources and funding resources. In addition, through entrusted distressed asset management business, the Group expands and diversifies its client base and builds robust relationships with financial institutions and non-financial enterprises.

Under entrusted distressed asset business, the Group provides entrusted service to the following two types of entrusting parties:

- **Companies which wish to acquire distressed assets from financial institutions but who may not possess the necessary licences to acquire distressed assets:** the Group helps such companies conduct due diligence on the target distressed assets that they intend to acquire and advise them on the valuation of such distressed assets. Given that the Group is licensed to acquire and manage such assets, it will be entrusted by the entrusting parties to acquire the target distressed asset at a valuation which is determined by the entrusting parties after considering its advice on valuation. Once the Group successfully acquires the target distressed assets, at the request of the entrusting parties, it will transfer the target distressed assets to the entrusting parties or manage the target distressed assets on their behalf.
- **Financial institutions and non-financial enterprises which entrust the Group to acquire the distressed assets:** such financial institutions entrust the Group to acquire distressed assets from them primarily for the requirements of operations and risk management. The Group enters into agreements with the entrusting parties regarding the entrusted acquisition of the distressed assets. For entrusting parties which also entrust the Group to manage the distressed assets, the Group will designate the entrusting parties or third parties selected by the entrusting parties with the functions of management and disposal of the distressed assets. The Group will pay for the distressed assets that it is entrusted to acquire at a price determined by the entrusting parties and set out in the agreement.

Classified by the way the Group manages the distressed assets it acquires under entrustment, its entrusted distressed asset business mainly includes (i) entrusted acquisition of distressed assets; and (ii) entrusted management of distressed assets and (iii) entrusted acquisition and management of distressed assets.

#### *Entrusted Acquisition of Distressed Assets*

The Group acquires distressed assets for the entrusting party by providing professional services such as adjustment and pricing. Under the entrusted acquisition of distressed asset, once the Group acquires the distressed assets at the request of entrusting parties, it will transfer the target distressed assets to a party decided by the entrusting party immediately, generally within one day. Therefore, the distressed assets it acquires are not on its balance sheet while it generates a financial advisory fee.

### Entrusted Management of Distressed Assets

The Group provides entrusting party with professional services to mitigate the risks relating to the distressed assets. The Group acts on behalf of principals to consult and mitigate the risks underlined their distressed assets entrusted to it.

The Group acts on behalf of principals to operate and manage their distressed assets entrusted to it. The scope of the Group's entrustment mainly includes operation, management and collection of debt assets and restructuring of distressed companies. The Group is entrusted with distressed assets from financial institutions and non-financial enterprises. The Group manages and disposes the entrusted distressed assets based on the discretion given by the entrusting parties or its sole discretion. This line of business does not require it to use working capital. The Group's income from this business is primarily derived from fees and commissions.

### Entrusted Acquisition and Management of Distressed Assets

In addition to acquisition of distressed assets, the Group is also entrusted with management of the distressed assets it acquires. For companies which do not possess the licences to acquire assets, the Group will manage the distressed assets on their behalf in approaches similar *with* the Group's distressed asset acquisition and disposition business.

For financial institutions that entrust the Group to acquire their own distressed assets, they will designate the collection function to themselves or third parties selected by them. If they fail to collect the distressed debt assets of an amount equivalent to its purchase price, based on the disposal plan and price determined at the time of transfer, it usually adopts either of the following disposal approaches for distressed assets:

- **Transfer to third parties.** As owner of the distressed assets, the Group will sell such uncollected distressed assets to a third party that is normally sourced by the entrusting parties; or
- **Sale-back.** If no third party buyer can be found, the Group will normally seek to sell the distressed assets back to the entrusting parties.

In both disposal approaches, the Group's objective is to sell such distressed assets at transfer prices that are generally sufficient to recover the amount it paid for such assets less the amount that has already been collected on such assets.

### Enterprise Bankruptcy and Restructuring Advisory Services

In August 2020, the Group was appointed as the one of the provincial-level administrators for enterprise bankruptcy cases by Higher People's Court of Anhui Province. Since then, the Group has established a specialised team incorporating professionals from different functional departments such as asset restructuring department, insolvency business department, direct investment department and project management department, to provide advisory services to enterprises facing financial restructuring or a potential wind-down of business operations. The Group specialises in triaging the business, identifying strategic options to maximize enterprise value, minimising liability to the stakeholders and, as appropriate, assisting in the implementation of strategic options.

The Group provides comprehensive bankruptcy case management services, including pre-bankruptcy planning, assistance and oversight of financial information preparation, ongoing bankruptcy reporting, maintenance of cash collateral budgets, sell-side due diligence support, communications with parties-in-interest, liaising with local government agencies, litigation support, and coordination with other professionals. In addition, the Group closely works with the bankrupt companies' management team to investigate the historical comparable details and financial information, perform data analytics, and find the root causes of deteriorating performance. On this basis, the Group re-evaluates the bankrupt companies and seeks potential investors or utilises its own funds to inject liquidity through capital injection and stock acquisition from major shareholders. Taking advantages of its experience in distressed asset management, the Group designs asset management and disposal plans for bankrupt companies to achieve asset value recovery or preservation.

In addition to bankruptcy management cases designated by Higher People's Court of Anhui Province, the Group successfully expanded its advisory services to enterprises with liquidity issues in neighbouring areas such as Anhui province and Shenzhen. It provided advisory services for bankruptcy management and asset and debt restructuring to a number of enterprises in various industries and achieved asset value preservation and business recovery.

### ***Private Fund Management***

The Group's private fund management business is a natural extension of its distressed asset management business and serves as an important functional platform for providing its clients with a comprehensive array of diversified

asset management, investment and financing services. Under the private fund management business, the Group provides liquidity support for companies with liquidity difficulties through its own capital or the funds it manages. Although such companies have liquidity issues, the assets involved in the Group's private fund management business have great potential for value maintenance and appreciation. The Group actively pursues existing client resources and utilises its industry experience accumulated in its distressed asset management business and provides customised financial solutions to its clients.

The Group's private fund management business primarily includes urbanisation funds and other funds such as industrial funds and SME development funds. The Group has established a private fund management platform, which consists of GoHo Investment, Guorui Equity Investment and Chenyao Private Equity, through which it acts as general partner or fund manager for private funds and through which it raises third party capital. As a fund manager, the Group sponsors and sets up funds, and charges for management fees, and/or participates in acquisition of fund shares, equity or debt investment of suitable projects. In May 2015, GoHo Investment was granted the registration certificate of private fund manager by AMAC, and became a financial institution which can conduct a full range of private fund management business. In May 2017, under AMAC's requirement for specialised management of private funds, GoHo Investment changed its type of certificate to the registration certificate for management institutions of privately offered funds that invest in debts, which enabled GoHo Investment to conduct private fund management business other than private securities investment, equity investment and venture capital. The Group also established Guorui Equity Investment and Chenyao Private Equity to expand the scope of its private fund management business, which were granted the registration certificates for management institutions of privately offered funds that invest in equity and venture capital in July 2017 and August 2017, respectively. GoHo Investment, supported by its team of investment professionals, specialises in private fund management and is responsible for the Group's overall fund management and risk control functions.

#### *Urbanisation Funds*

Under urbanisation funds, the Group has promoted a series of private funds jointly with urban construction investment companies and commercial credit companies to provide financing for companies that already default or will default on their loans or invest in the beneficial interests of distressed assets.

The Group also invests in companies controlled or owned by local governments and its investment is utilised to replace or restructure such companies' debts, which local governments are obliged to repay or guarantee. The decision to invest its funds in a company primarily depends on the credit support rendered by the relevant local government as well as its resource integration capability.

For each urbanisation fund, GoHo Investment, as general partner, will enter into a limited partnership agreement with other limited partners, which will always include an urban construction investment company. The limited partnership agreement will also provide an asset management plan. The investment decisions of such urbanisation funds are made by the investment committee according to the investment scope and the procedures agreed in the limited partnership agreement. The investment committee generally comprises members designated by limited partners and general partner.

#### *Other Funds*

The Group's other funds business mainly includes its other fund management business such as industrial funds and SME development funds. The Group charges management fee for managing other funds at fixed charges or rates.

#### ***Financial Advisory Services for Financing and Investment***

In addition to financial advisory services for distressed assets, the Group also provides financial advisory services to SMEs on financing and investment, under which it strives to develop clients that are in sound financial health and improve the profitability. As a diversified financial services company, the Group focuses on providing customers with tailor-made financial solutions to solve various problems such as financing and liquidity. In the meantime, the Group provides over-the-counter equity and debt underwriting services in compliance with regulatory requirements. The Group also provides consulting services, including preliminary due diligence, to certain financial institutions for their proposed investment projects. The Group primarily generates fee and commission income from these businesses. The Group's advisory business for financing and investment effectively broadens its revenue sources and supplements its distressed asset-based business.

#### **General Investment**

Benefiting from the capital, customer and technical advantages accumulated from its distressed asset management business and financial advisory services and fund management business, the Group diversifies its businesses and

increases its financial investment that do not involve distressed assets, with an aim to improve the return on capital and the coordinated development to meet the various capital needs of customers. The Group's general investment under regular financial business primarily include equity investment, investment in wealth management products, asset management plans and trust plans, debt investment and factoring products. The Group mainly generates investment income and interest income from these businesses.

#### *Equity investment*

In order to maintain long-term cooperating relationships with partners and manage strategic business partnerships, the Group conducts corporate-level direct investments and structured investments in certain affiliate companies and other selected private companies. The Group makes such investments mainly through equity acquisitions and stock purchase.

#### *Wealth management and other investments*

The Group invests in financial products including trust plans, asset management plans, wealth management products, asset securitisation assets and stocks. The Group also invests in beneficial interests of various assets and rights, such as properties and fee collection rights, to solve its clients' liquidity issues. The Group's clients are obliged to repurchase such beneficial interests and paid interests.

#### *Debt investment*

The Group provides financing to its cooperating partners and clients with short-term liquidity issues through various debt investments, including enterprise lending, subject to and in accordance with the Group's risk management and internal control requirements.

#### *Factoring*

The Group conducts its factoring business mainly through Shenzhen Goho Commercial Factoring Co., Ltd. (深圳國厚商業保理有限公司), a professional commercial factoring company wholly owned by the Company. The Group purchases accounts receivables from selected companies after comprehensive analysis and assessment of the financing amount, durations, underlying assets and underlying risks.

### **BUSINESS NETWORK**

The Group maintains significant presence in Anhui province. Most of its subsidiaries are located in cities and counties in Anhui province, which have peculiar policy advantages and huge market opportunities. Over the years, the Group has also expanded its business over the country, particularly in core cities such as Beijing, Shanghai and Shenzhen, through collaborating with local financial institutions and agencies.

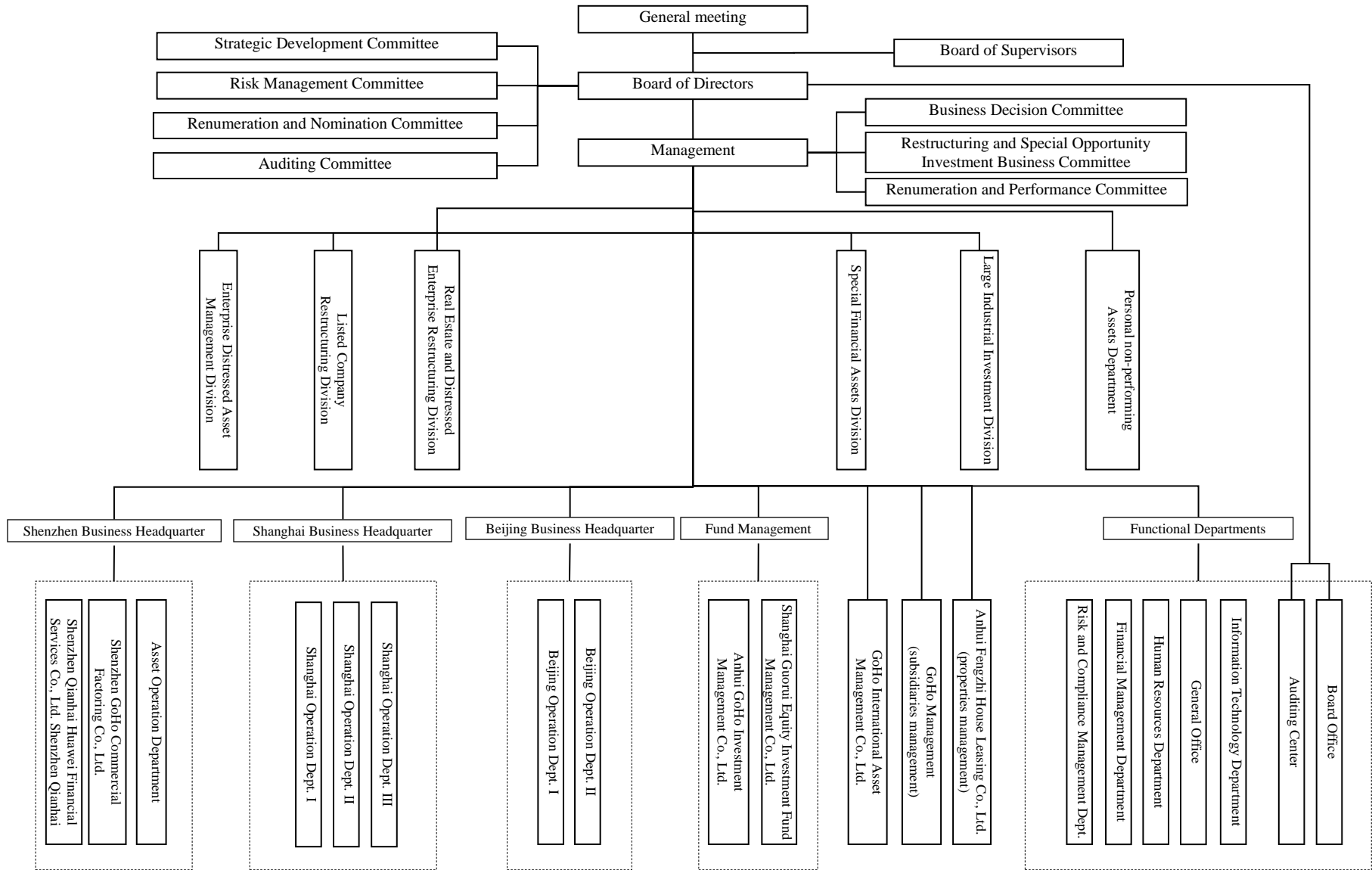
### **CLIENTS**

The Group provides services to a diverse base of corporate clients across a broad range of sectors. In general, the Group's clients mainly comprise financial institutions, enterprises, local governments and institutional investors. In particular, for its distressed asset management business, the Group's clients include entities purchasing distressed assets from it, entities entrusting it with the acquisition and disposition of distressed assets and entities receiving its distressed asset investment business. For its private fund management and general investment businesses, its clients include fund investors and entities in which the Group makes investment. The Group's clients for its financial advisory services also include entities with which the Group provides the aforementioned business services. The Group's clients are primarily located in China.

### **CORPORATE GOVERNANCE**

The Company established a comprehensive corporate governance structure consisting of general meeting, Board of Directors, Board of Supervisors and the management team. Under the management team, the Company sets up various decision making committees to ensure the efficient and smooth business operations. The Company has established regional business headquarters and subsidiaries in a number of cities in China, including Beijing, Shanghai, Shenzhen and Hong Kong.

The chart below sets out the organisational structure of the Company as at the date of this Exchange Offer Memorandum:



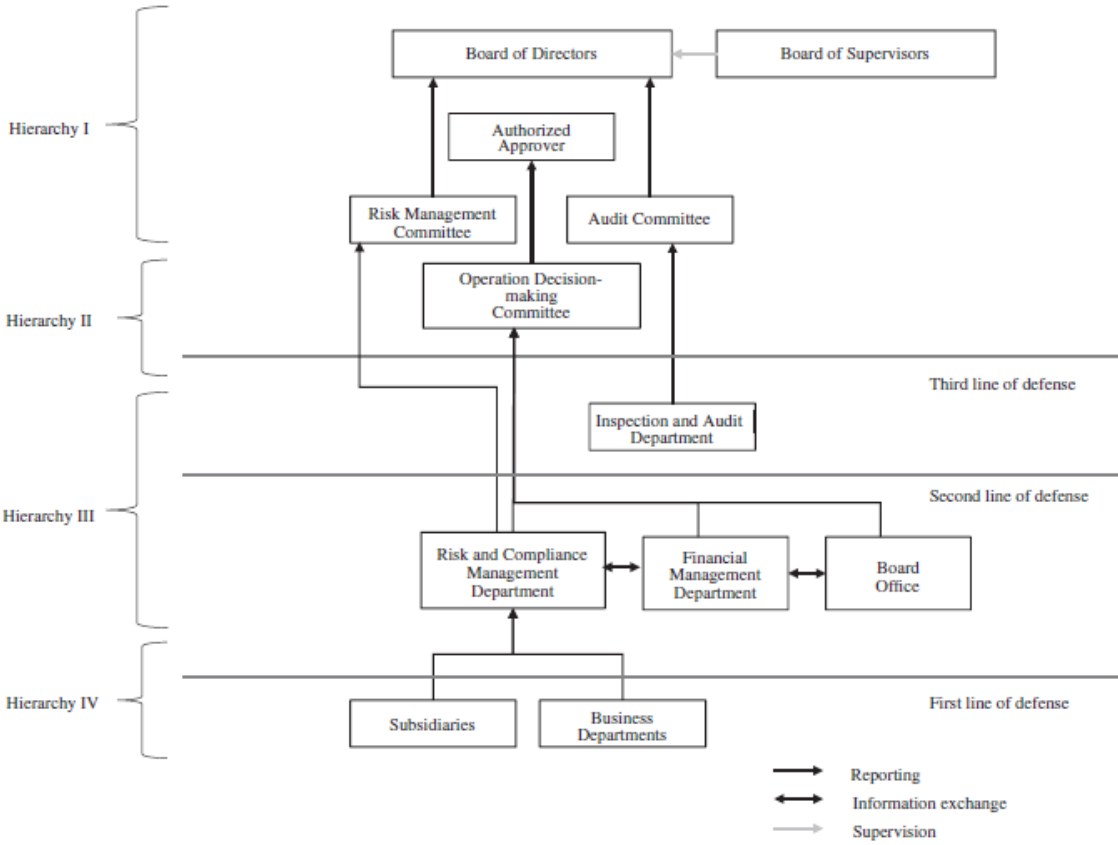
**RISK MANAGEMENT**

The Group regards risk management as the foundation of its management and business operation. The Group has been committed to establishing risk management and internal control systems that it consider to be appropriate for its business operations, consisting of relevant objectives, principles, organizational framework, procedures and methods against key risks, and it has developed a comprehensive risk management system covering all aspects of its business operation.

The Group implements its risk management system throughout its business operations, covering pre-investment, investment, and post-investment management. The Group has established a comprehensive risk management framework that corresponds to the nature, scale and complexity degree of its business and that covers each of its departments, subsidiaries, business segments and regions. The Group’s risk management framework consists of four hierarchies based on its corporate governance structure, and three lines of defence adopted in its operations.

The Group’s four hierarchies of risk management based on its corporate governance structure refer to: (i) the Board of Directors, risk management committee, audit committee and the Board of Supervisors; (ii) the operation decision-making committee responsible for implementing the overall risk management objectives set by the board of directors and fulfilling the duties related to comprehensive risk management; (iii) the risk and compliance management department and financial management department jointly participated in the management and control of the Company’s business, legal, and capital risks; and (iv) the Company’s subsidiaries responsible for implementing the control system for unifying strategy, finance, risk control and manpower. The Group’s three lines of defence refer to: (i) routine risk management carried out by the business departments and the Company’s subsidiaries; (ii) formulation of risk management policy and methods, evaluation of risks of business projects or transactions proposed by business departments or the Company’s subsidiaries, and supervision of risk management carried out by the risk and compliance management department and other risk-related functional departments of the Company, including financial management department and board office; and (iii) independent audit carried out by the inspection and audit department of the Company.

The following chart demonstrates the organizational structure of the Group’s risk management framework as at the date of this Exchange Offer Memorandum:



## **INFORMATION TECHNOLOGY**

The Group highly recognises the importance of information technology and believe information technology is a key component to support its business growth and internal controls. The application of advanced information technology systems has greatly improved and will continue to optimise its efficiency and financial management capabilities.

### **Information Systems**

The Group's information systems primarily include the office management system and the financial management system. The Group's office management system centralises the publication of announcements, facilitates the internal information distribution and manages electronic documents, equipment and users. In addition, the office management system enables online reviewing and approval of business proposals, which effectively support the Group's business operations. The Group's financial management system includes functions such as accounting management, fixed asset management, financial reports management and capital management, which regulate, standardise and centralise the financial accounting and capital management of the Group.

The Group has also established a core communication network covering its Company and subsidiaries and effectively separate internal risks. The Group has a multi-layered enterprise network security technology system, including firewall and virtual private network. The Group's data centre in the head office in Hefei serves a solid foundation for the consistent and stable operation of its overall information system. The Group has also formed a disaster recovery backup system and established a disaster recovery backup centre in Shenzhen, which effectively ensures the security of data through automatic data backup.

## **COMPETITION**

The Group operates distressed asset management, financial advisory services and private fund management, and general investment business primarily in Anhui province and faces competition mainly from other asset management companies and financial institutions in China. The Group competes with its competitors primarily on product and service offerings, pricing, service quality, operational network and scope, brand recognition, team capabilities and information technology capabilities.

For distressed asset management business, the Group faces competition mainly from other asset management companies, and the main competitors include the Four AMCs and other local AMCs in terms of, among others, product and service offerings, pricing, service quality and operational network. Distressed asset management industry in China is becoming increasingly competitive under the current macroeconomic environment. In particular, the strengthened policies on financial regulations in the PRC in recent years have intensified competition in certain financial business areas of the domestic asset management industry. The Group is the first local AMC in Anhui province and have established an extensive network within the province. Compared to the Four AMCs, the Group has an advantage in providing services to the local branches of nationwide commercial banks, city and rural commercial banks and small and medium enterprises in Anhui province. Compared to other local AMCs, the Group has competitive advantages in geographic coverage and understanding of local markets in Anhui. In addition, as a privately-controlled company, the Group is more flexible and active in exploring business opportunities compared to other local AMCs. For financial advisory services and private fund management business and general investment business, the Group faces competition mainly from fund management companies, other local AMCs, trust companies and wealth management companies.

## **INSURANCE**

The Group did not maintain any insurance policies in relation with the operation of its business as at the date of this Exchange Offer Memorandum.

## **EMPLOYEES**

As at 31 December 2023, the Group had approximately 109 employees.

The Group's labour union proactively safeguards the rights and interests of its employees, and coordinates closely with management with respect to labour and human resources matters. The Group's operations have not been affected by any strike or significant labour dispute for the years ended 31 December 2021, 2022 and 2023. The Group believes its management will continue to maintain good relationships with the labour union and its employees.

## **LEGAL PROCEEDINGS**

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business, including as plaintiff or defendant in litigation or arbitration proceedings.

In particular, the Group is currently involved in a series of ongoing legal proceedings in relation to disputes arising from loan and financing agreements where the Company is an obligor. The Group has been in extensive negotiations with the relevant creditors to achieve an amicable settlement or to restructure the debts. Given the progress of these negotiations, the Group does not expect such proceedings to result in a material adverse effect on business, results of operations and financial condition. See “*Risk Factors – Risks relating to the Group’s Business - The Group may be involved in litigations, arbitrations and other disputes which may expose it to potential liabilities*”.

## DIRECTORS, SUPERVISORS AND MANAGEMENT OF THE GUARANTOR

### Directors

The Board of Director currently consists of nine Directors, including three independent Directors. As at the date of this Exchange Offer Memorandum, the members of the Board of Directors are as follows:

Name	Age	Title
Mr. Li Houwen (李厚文).....	46	Chairman of the Board and chief executive officer
Mr. Shu Zhibin (舒志斌) .....	52	Director
Ms. Xie Zheng (謝崢).....	35	Director
Mr. Li Shuangquan (李雙全) .....	43	Director, executive president
Mr. Xu Jinliu (徐勁流).....	64	Director, executive president and chief risk officer
Mr. Zhu Junjun (朱君軍) <sup>9</sup> .....	42	Director
Ms. Xu Shuping (徐淑萍).....	62	Independent Director
Mr. Wang Kai (王凱).....	57	Independent Director
Mr. Jiang Tengfei (江騰飛).....	58	Independent Director

**Mr. Li Houwen (李厚文)**, aged 46, is the chairman of the Board, the chief executive officer and the legal representative of the Company. Mr. Li Houwen has founded Anhui Boya Investment Co., Ltd. (安徽博雅投資有限公司), Anhui Wenfeng Properties Co., Ltd. (安徽文峰置業有限公司), Shenzhen Qianhai Dahua Asset Management Co., Ltd. (深圳前海大華資產管理有限公司) and the Company. Mr. Li Houwen concurrently serves as the chairman of the board of directors of Lotus Health Group Company (蓮花健康產業集團股份有限公司) and the vice chairman of the board of directors of Chang An Insurance. Mr. Li is currently also the executive chairman of Anhui Enterprises (Entrepreneurs) Association (安徽省企業(企業家)聯合會), a member of the standing committee of Anhui Federation of Industry and Commerce (安徽省工商聯) and the initial group of directors of the Yangtze River Delta Entrepreneurs' Alliance (長三角企業家聯盟). He was also the vice chairman of Anhui Chamber of International Commerce (安徽省國際商會). Mr. Li holds a master's degree from Peking University.

**Mr. Shu Zhibin (舒志斌)**, aged 52, serves as a Director of the Company. Currently, Mr. Shu Zhibin holds the position of general manager of Shanghai Business Division V at Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司). Mr. Shu Zhibin brought over a decade of experience in investment management, serving as a deputy manager of the investment business department at Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司) from October 2008 to May 2010, manager of the investment department at Shanghai Space-Star Venture Investment Management Co., Ltd. (上海時空五星創業投資管理有限公司) from May 2010 to December 2020, and general manager of Investment Banking Division IV at Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司) from January 2021 to January 2022. Mr. Shu holds a master's degree in economics from Shantou University (汕頭大學).

**Ms. Xie Zheng (謝崢)**, aged 35, serves as a Director of the Company. Currently, Ms. Xie has been working in Beijing Cultural Center Construction & Development Fund Management Co., Ltd. (北京市文化中心建設發展基金管理有限公司) since 2015 and currently works in the asset management department. Ms. Xie holds a bachelor's degree from the University of Liverpool.

**Mr. Li Shuangquan (李雙全)**, aged 43, serves as a Director and an executive president of the Company. Mr. Li concurrently has also served as a legal representative of Anhui Wenfeng Investment Group Co., Ltd. (安徽文峰投資集團有限公司) since July 2020, Anqing Wenfeng Real Estate Co., Ltd. (安慶市文峰置業有限公司) since March 2022 and a supervisor of Lotus Health Group Company (蓮花健康產業集團股份有限公司) since May 2022. Mr. Li previously served as a legal representative and general manager of Anhui Wenfeng Properties Co., Ltd. (安徽文峰置業有限公司) from September 2016 to June 2020. Mr. Li holds a degree of Executive Master of Business Administration from the HSBC Business School of Peking University.

<sup>9</sup> Mr. Zhu has tendered his notification of resignation. In accordance with the Company's articles of association, Mr. Zhu will continue to perform his duty as a Director until the appointment of the successor.

**Mr. Xu Jinliu (徐勁流)**, aged 64, serves as a Director and an executive president of the Company. He also serves as a chief risk officer of the Company. Mr. Xu previously held the position of cadre, deputy section chief, section chief, deputy division chief of the human resources office of Anhui Branch of Bank of China Limited (a company listed on the Shanghai Stock Exchange (stock code: 601988) and the Hong Kong Stock Exchange (stock code: 03988)) from September 1990 to June 2000, and served several positions in the Hefei office of China Orient Asset Management Co., Ltd. (中國東方資產管理公司), including integrated manager and senior manager, assistant to the general manager, deputy general manager and general manager from June 2000 to January 2014. Mr. Xu was the general manager of the Chongqing Branch of China Orient Asset Management Co., Ltd. from January 2014 to November 2017, and was the supervisor of the Anhui Branch of China Orient Asset Management Co., Ltd. from November 2017 to April 2018. Mr. Xu holds a bachelor's degree from Nanjing Normal University (南京师范大学).

**Mr. Zhu Junjun (朱君軍)**, aged 42, serves as a Director and an executive president of the Company. Mr. Zhu successively served as a product manager of Jiangbei Branch of Ningbo Bank from July 2007 to August 2012, a product manager of Ximen Branch of Pudong Development Bank from October 2012 to May 2017, and the business director, the deputy general manager and the general manager of the asset management department of Xiamen Cross-Strait GoHo Financial Asset Management Co., Ltd. (廈門兩岸國厚資產管理有限公司) from April 2017 to March 2019. Mr. Zhu holds a bachelor's degree.

**Ms. Xu Shuping (徐淑萍)**, aged 62, serves as an independent Director of the Company. Ms. Xu has also served at the Law School of Anhui University (安徽大學) since July 1989, successively as a teacher, professor, doctoral advisor and the deputy dean. From 2004 to 2011, Ms. Xu served as a temporary vice president of the Hefei Intermediate People's Court (合肥市中級人民法院), and has worked as an arbitrator at Hefei Arbitration Commission (合肥仲裁委員會) since 2012 and a contract research fellow of the Counsellors' Office of the People's Government of Anhui Province from 2016 to 2020, respectively. In April 2020, Ms. Xu was appointed as a counsellor of Anhui Provincial Government. Ms. Xu Shuping holds a doctoral degree. Ms. Xu is a professor and a doctoral advisor.

**Mr. Wang Kai (王凱)**, aged 57, serves as an independent Director of the Company. Mr. Wang successively served as an audit project manager and deputy manager of the audit department of Anhui Huapu Certified Public Accountants (安徽華普會計師事務所) from July 1995 to July 2000, the manager of the finance department, director and chief financial officer, secretary to the board of directors and deputy general manager of Anhui Anke Biotechnology (Group) Co., Ltd (安徽安科生物工程(集團)股份有限公司) from July 2000 to December 2005. Mr. Wang has served as an executive director of Anhui Jiahua Engineering Management Consulting Co., Ltd. (安徽嘉華工程管理諮詢有限公司) since May 2006 and has served as a partner and the director of the Anhui branch of Jiangsu Suyu Jincheng Certified Public Accountants LLP (Special General Partnership) (江蘇蘇亞金誠會計師事務所(特殊普通合伙)安徽分所) since December 2009. Mr. Wang holds a bachelor's degree.

**Mr. Jiang Tengfei (江騰飛)**, aged 58, serves as an independent Director of the Company. Mr. Jiang successively served as a deputy general manager of Guodu Securities Co., Ltd (國都證券有限責任公司) from December 2008 to September 2012, and chairman of the board of directors of Ningbo Shanli Futures Broking Co., Ltd. (寧波杉立期貨經紀有限公司) since July 2014. He served as a vice chairman of the board of directors and a non-executive director of HongDa Financial Holding Limited (弘達金融控股有限公司) (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 1822) from April 2017 to May 2018. Mr. Jiang holds a master's degree.

## Supervisors

As at the date of this Exchange Offer Memorandum, the Supervisors of the Company are as follows:

Name	Age	Title
Mr. Zhang Xuepeng (張學朋) .....	38	Chairman of the Board of Supervisors
Mr. Xia Lei (夏磊) .....	39	Supervisor
Ms. Yang Min (楊敏) .....	34	Employee representative supervisor

**Mr. Zhang Xuepeng (張學朋)**, aged 38, serves as a supervisor of the Company. Mr. Zhang previously worked as an office manager in Wenfeng Group Co., Ltd. (文峰集團) from October 2014 to December 2015 and served as a senior office manager and deputy director of the Company from January 2016. Mr. Zhang holds a bachelor's degree.

**Mr. Xia Lei (夏磊)**, aged 39, serves as a supervisor of the Company. Mr. Xia has also served as a senior manager of the Company since 2019. Mr. Xia previously served as a general manager of the operation and management department of Anhui Guogou Investment Management Co., Ltd. (安徽國購投資集團) from 2010 to 2012, a manager of the government and enterprise customer department of Wuhu Mobile Communication Co., Ltd. (蕪湖移動通訊分公司) from 2012 to 2013 and a deputy general manager of the operation and management department and a deputy general manager of the comprehensive management department of Anhui Wenfeng Investment Group Co., Ltd. (安徽文峰投資集團有限公司) from 2013 to 2019. Mr. Xia holds a master’s degree.

**Ms. Yang Min (楊敏)**, aged 34, serves as a supervisor of the Company. Ms. Yang has also served as a manager and senior manager of the direct investment department and deputy general manager of the Shanghai Business II Department since 2017. Ms. Yang worked as an audit assistant manager of the Guangzhou branch of KPMG Huazhen LLP (畢馬威華振會計師事務) from October 2013 to December 2016. Ms. Yang holds a master’s degree and is a Certified Public Accountant.

## Senior Management

As at the date of this Exchange Offer Memorandum, the senior management of the Company are as follows:

Name	Age	Position
Mr. Li Houwen (李厚文).....	46	Chairman of the Board and chief executive officer
Mr. Li Shuangquan (李雙全) .....	43	Director, executive president
Mr. Xu Jinliu (徐勁流) .....	64	Director, executive president and chief risk officer
Mr. Qian Cheng (錢程).....	41	Vice president
Mr. Pan Qiang (潘強) .....	45	Chief investment officer

**Mr. Li Houwen (李厚文)** – Please refer to “– Directors” for the biographical details of Mr. Li Houwen.

**Mr. Li Shuangquan (李雙全)** – Please refer to “– Directors” for the biographical details of Mr. Li Shuangquan.

**Mr. Xu Jinliu (徐勁流)** – Please refer to “– Directors” for the biographical details of Mr. Xu Jinliu.

**Mr. Zhu Junjun (朱君軍)** – Please refer to “– Directors” for the biographical details of Mr. Zhu Junjun.

**Mr. Qian Cheng (錢程)**, aged 41, serves as a vice president of the Company. Mr. Qian previously worked in Zhejiang Rongda Enterprise Management Co., Ltd. (浙江融達企業管理有限公司) from July 2008 to December 2011, and served as a general manager of the compliance department in Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司) from December 2011 and March 2015. Mr. Qian joined the Company in March 2015. Mr. Qian holds a bachelor’s degree in law and a master’s degree in economic law from Northwest University of Political Science and Law (西北政法大學).

**Mr. Pan Qiang (潘強)**, aged 45, serves a chief investment officer of the Company. Mr. Pan previously served as a manager at the investment banking division of China International Capital Corporation Limited (中國國際金融有限公司), vice president of North Asia Investment Corporation, director and vice president at the APAC investment banking division of Citigroup, chief investment officer of Donghai International Financial Holdings Co., Ltd. (東海國際金融控股有限公司) and a managing partner of Oceanpine Capital Limited (海松資本有限公司). Mr. Pan joined the Company in December 2020. Mr. Pan holds a master’s degree in finance from PBC School of Finance, Tsinghua University (清華大學五道口金融學院) and a bachelor’s degree from University of Science and Technology of China (中國科學技術大學).

## PRC REGULATIONS RELATING TO THE ISSUE OF THE BONDS

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

### CROSS-BORDER SECURITY

On 12 May 2014, the SAFE promulgated the Cross-Border Security Provisions which took effect on 1 June 2014 and superseded a series of regulations previously issued by the SAFE and brought substantial changes to the current cross-border security regime.

The Cross-Border Security Provisions require post-event registration of the cross-border security with a local SAFE branch, and subject to the exceptions set out in its appendix 1, the enforcement of any properly registered cross-border security no longer requires prior verification by the SAFE. Also, the registration of cross-border security with a local SAFE branch is no longer a “perfection” requirement, i.e., the Cross-Border Security Provisions have clarified that failure to carry out any approval, registration or filing will not impact the validity of the security.

The Cross-Border Security Provisions also allow the cross-border security to be used for securing an offshore bond issuance, provided that (a) the offshore issuer shall be directly or indirectly owned by the onshore security provider; (b) the proceeds obtained from the offshore bond issuance shall be used for certain offshore projects which are related to the onshore security provider from a shareholding perspective; and (c) the issuer and such offshore projects have been duly approved by, registered and filed with, the relevant authorities in charge of outbound investment in PRC.

According to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (關於進一步推進外匯管理改革完善真實合規性審核的通知) (“**SAFE Circular 3**”), promulgated by the SAFE on 26 January 2017, proceeds from offshore debt secured by cross-border security may be repatriated to the PRC for use directly or indirectly by way of loans or equity investment. The second series of the Policy Q&As in relation to the SAFE Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3 號)政策問答(第二期)) (“**Policy Q&As in relation to the SAFE Circular 3**”) published by SAFE on its official website on 27 April 2017 further clarified that, for offshore bond issuance by offshore entities which is secured by PRC onshore guarantees, the restrictions on the use of proceeds for offshore bond issuance as mentioned in the Cross-Border Security Provisions above still apply despite of SAFE Circular 3. However, in practice, application or exemption of such restrictions on the use of proceeds to a large extent remains subject to SAFE’ discretion on a case by case basis.

### PRC CURRENCY CONTROLS

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

#### Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a supervision list determined by the PBOC and five other relevant authorities in the PRC would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”) which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, *inter alia*, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in such pilot free trade zone, but each onshore company within the group may only elect to participate in one cash pool.

On 4 January 2018, the PBOC promulgated Notice on Further Improving Cross-Border RMB Service Policies to Promote Trade and Investment Facilitation (關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知), which put forward that any cross-border transaction permitted by the law to be settled in foreign exchange may be settled in RMB.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

### Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of, and/or registration or filing with, the relevant PRC authorities. Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign-invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by the PBOC, the MOFCOM and the SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資金結匯管理方式的通知) became effective on 1 June 2015 (the “**2015 SAFE Circular**”). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE’s equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item— account for foreign currency settlement pending payment (資本項目-結匯待支付帳戶) (the “**Account for Foreign Currency Settlement Pending Payment**”) as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested private equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE. PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “**cross-border security**”). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt denominated in foreign currency with Renminbi on a voluntary basis, provided that the Renminbi proceeds settled therefrom should not be used (whether directly or indirectly) beyond their business scope or in violation of relevant laws and regulations in the PRC.

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知, the “**SAFE Circular 16**”) which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company’s scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

On 23 October 2019, SAFE issued Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知) (“**Circular 28**”), according to which, among other things, the pilot program (to facilitate foreign exchange receipts and payments for trade in services and to facilitate payment with the income under capital account) is launched, restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds is cancelled, the restriction on the use of foreign exchange settlement funds under the capital account is relaxed, the administration of registration of foreign debts of enterprises is reformed.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## TAXATION RELATING TO THE BONDS

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

### PRC TAXATION

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

Pursuant to the EIT Law, the Individual Income Tax Law of the PRC, as last amended on 31 August 2018 and effective on 1 January 2019 (“**IIT Law**”), and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. For example, the tax so charged on interests paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between mainland China and Hong Kong for Purpose of the Avoidance of Double Taxation will be 7 per cent. of the gross amount of the interest pursuant to the arrangement between mainland China and Hong Kong and relevant interpretation of the arrangement formulated by the SAT.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax under the IIT Law and its implementation rules. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between the PRC and Hong Kong for avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the MOF and the SAT issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Circular 36 further clarified that “loan processing” refers to the activity of lending capital for another’s use and receiving the interest income thereon, therefore based on such an interpretation of “loan processing” under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer or the Guarantor, which thus shall be regarded as the provision of financial services. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. According to Announcement of the Ministry of Finance and the State Taxation Administration on the Measures for Determining the Tax Basis of

Urban Maintenance and Construction Tax and Other Matters which took effect on 1 September 2021, import of goods or paid by overseas entities and individuals for selling labour services, services, and intangible assets in PRC is exempted from urban maintenance and construction tax, educational surtax and local education surcharges. The Issuer will be obligated to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Pursuant to the EIT Law, the VAT reform detailed above, if the Guarantor makes any interest payments on the Bonds to the holder of Bonds under the Guarantee, the Guarantor shall withhold EIT from the payments of interest in respect of the Bonds for any non-PRC-resident Bondholder and the Guarantor shall withhold VAT from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC.

The Issuer and the Guarantor have agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds*”.

No PRC stamp duty will be imposed on non-resident Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

## **BRITISH VIRGIN ISLANDS TAXATION**

The Issuer and all dividends, interest, rents, royalties, compensation and other amounts paid by the Issuer to persons who are not resident in the British Virgin Islands and any capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Act in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

## **HONG KONG TAXATION**

### **Withholding tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

### **Stamp duty**

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

## **THE PROPOSED FINANCIAL TRANSACTIONS TAX (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective Bondholders are advised to seek their own professional advice in relation to the FTT.

#### **FATCA WITHHOLDING**

Whilst the Bonds are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, individual bond certificates will only be printed in remote circumstances. Further, foreign financial institutions in a jurisdiction which has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

## **TAXATION RELATING TO THE EXCHANGE OFFER**

In view of the number of different jurisdictions where tax laws may apply to an Existing Bondholder, this Exchange Offer Memorandum does not otherwise discuss the tax consequences for Existing Bondholders arising from the exchange of Existing Bonds pursuant to the Exchange Offer, in relation to the Bonds or in relation to the payment of the applicable Accrued Interest. Existing Bondholders are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the exchange of their Existing Bonds and the receipt pursuant to the Exchange Offer of Bonds and the applicable Accrued Interest. Existing Bondholders are liable for their own taxes and have no recourse to the Issuer, the Guarantor, the Dealer Manager or the Exchange Agent with respect to taxes arising under or in connection with the Exchange Offer.

Certain tax consequences applicable to the Bonds are described above under the section entitled "*Taxation relating to the Bonds*".

## GENERAL INFORMATION RELATING TO THE BONDS

**Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 284193997 and ISIN XS2841939973. The Legal Entity Identifier of the Issuer is 3003005XUSBS8M54KD10.

**Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Exchange Offer, the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the sole director of the Issuer on 11 June 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the Board of Directors on 30 April 2024, and the shareholder of the Guarantor on 15 May 2024.

**No Material Adverse Change:** Save as disclosed in this Exchange Offer Memorandum, there has been no material adverse change, or any development or event likely to involve a prospective change, in the financial condition, results of operations, business or general affairs of the Issuer, the Guarantor or the Group since 31 December 2023.

**Litigation:** Save as disclosed in this Exchange Offer Memorandum, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.

**Available Documents:** So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection by the Bondholders at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time), Monday to Friday, other than public holidays) at the principal office of the Trustee (being at the date of this Exchange Offer Memorandum at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Paying Agent:

- (a) the Trust Deed;
- (b) the Deed of Guarantee; and
- (c) the Agency Agreement.

**Financial Statements:** The Audited Financial Statements, which are included elsewhere in this Exchange Offer Memorandum, have been audited by BDO, as stated in its report appearing herein.

**Listing of the Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 24 June 2024, assuming a Settlement Date of 21 June 2024.

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**GOHO ASSET MANAGEMENT CO., LTD.**

**AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER  
2022**

**XIN KUAI SHI BAO ZI [2023] NO. ZG30269**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**IF THERE IS ANY CONFLICT BETWEEN  
THE CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION  
WILL PREVAIL**

**Goho Asset Management Co., Ltd.**  
**Auditor's Report and Financial Statements**  
(From 1 January 2022 to 31 December 2022)

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## Auditor's Report

Xin Kuai Shi Bao Zi [2023] No. ZG30269

To Goho Asset Management Co., Ltd.:

### I. Opinion

We have audited the accompanying financial statements of Goho Asset Management Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company's balance sheets as at 31 December 2022, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2022 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **IV. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP**

**Certified Public Accountant of China:**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 27, 2023**

**GOHO ASSET MANAGEMENT CO., LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AT 31 DECEMBER 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	31/12/2022	31/12/2021
<b>Assets</b>			
Cash and bank balances	1	434,016,321.35	818,348,479.55
<b>Financial investments</b>			
Held-for-trading financial assets	2	1,026,415,715.99	641,194,425.10
Debt investments	2	3,236,986,648.01	8,142,578,967.18
Accounts receivable	3	24,541,169.21	36,239,833.34
Long-term equity investments	4	6,800,682,043.33	1,775,623,259.35
Investment properties	5	683,355,298.33	678,658,147.59
Fixed assets	6	82,409,445.13	86,339,246.84
Right-of-use assets	7	30,795,931.76	14,334,253.76
Intangible assets	8	3,227,230.15	2,976,452.50
Deferred tax assets	9	39,122,996.30	20,532,046.93
Other assets	10	497,015,005.80	1,221,282,978.30
<b>TOTAL ASSETS</b>		<b>12,858,567,805.36</b>	<b>13,438,108,090.44</b>
<b>Liabilities</b>			
Short-term borrowings	13	260,505,411.82	456,040,910.43
Financial assets sold under repurchase agreements	14	324,049,023.28	354,182,975.29
Contract liabilities	15	174,342,996.11	291,223,089.61
Employee benefits payable	16	3,745,241.56	30,864,037.95
Taxes payable	17	54,109,288.23	162,821,138.62
Bonds payable	18	3,675,444,774.86	3,298,919,406.48
Long-term borrowings	19	1,707,907,529.09	1,741,180,795.99
Lease liabilities	20	31,565,697.66	13,862,120.13
Deferred tax liabilities	9	2,788,862.32	2,826,654.17
Others liabilities	21	1,660,507,293.00	1,815,165,231.56
<b>TOTAL LIABILITIES</b>		<b>7,894,966,117.93</b>	<b>8,167,086,360.23</b>
<b>Owners' equity</b>			
Paid-in capital	22	2,792,428,941.00	2,792,428,941.00
Capital reserve	23	1,274,550,377.97	1,274,550,377.97
Other comprehensive income	24	56,946,965.44	15,772,758.71
Surplus reserve	25	137,924,008.18	137,924,008.18
Retained profits	26	314,878,226.56	671,654,245.16
Total owners' equity attributable to equity holders of the Company		4,576,728,519.15	4,892,330,331.02
Minority interests		386,873,168.28	378,691,399.19
<b>TOTAL OWNERS' EQUITY</b>		<b>4,963,601,687.43</b>	<b>5,271,021,730.21</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>12,858,567,805.36</b>	<b>13,438,108,090.44</b>

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**COMPANY'S BALANCE SHEET**  
**AT 31 DECEMBER 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	31/12/2022	31/12/2021
<b>Assets</b>			
Cash and bank balances	1	384,483,335.04	758,830,589.30
<b>Financial investments</b>			
Held-for-trading financial assets	2	407,610,730.35	478,524,100.34
Debt investments	2	3,076,062,751.79	8,001,167,009.14
Accounts receivable	3	2,621,553.99	24,687,932.77
Long-term equity investments	4	8,319,882,831.35	3,836,330,434.52
Investment properties			
Fixed assets	6	743,892.26	1,287,958.57
Right-of-use assets	7	29,794,627.53	12,516,430.03
Intangible assets	8	1,726,952.14	1,634,505.57
Deferred tax assets	9	33,205,069.63	18,060,010.04
Other assets	10	520,043,675.49	904,755,501.58
<b>TOTAL ASSETS</b>		<b>12,776,175,419.57</b>	<b>14,037,794,471.86</b>
<b>Liabilities</b>			
Short-term borrowings	13	180,295,801.39	350,802,083.33
Financial assets sold under repurchase agreements	14	316,749,023.28	346,682,975.29
Contract liabilities	15	150,741,291.36	257,292,576.77
Employee benefits payable	16	1,605,922.66	20,960,756.50
Taxes payable	17	38,543,542.54	149,266,361.17
Bonds payable	18	2,362,404,344.15	2,101,785,744.62
Long-term borrowings	19	1,688,874,769.92	1,722,147,165.99
Lease liabilities	20	30,922,843.46	12,773,331.96
Deferred tax liabilities			
Others liabilities	21	3,546,183,530.97	4,232,723,430.85
<b>TOTAL LIABILITIES</b>		<b>8,316,321,069.73</b>	<b>9,194,434,426.48</b>
<b>Owners' equity</b>			
Paid-in capital	22	2,792,428,941.00	2,792,428,941.00
Capital reserve	23	1,274,550,377.97	1,274,550,377.97
Other comprehensive income	24	57,360,901.09	14,420,860.64
Surplus reserve	25	138,324,008.18	138,324,008.18
Retained profits	26	197,190,121.60	623,635,857.59
<b>TOTAL OWNERS' EQUITY</b>		<b>4,459,854,349.84</b>	<b>4,843,360,045.38</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>12,776,175,419.57</b>	<b>14,037,794,471.86</b>

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	2022	2021
I.Total operating income		549,299,123.05	1,584,521,729.59
Debt investments income	27	7,577,331.75	850,026,327.70
Net gains on disposal of distressed assets	28	-1,300,539.36	117,948,180.44
Fee and commission income	29	442,057,818.40	396,659,256.76
Interest income	30	30,089,157.09	67,936,313.11
Investment income (Losses are listed with "-")	31	177,645,691.65	77,032,500.94
Including: Income from investments in associates and joint ventures		175,726,057.29	57,224,611.88
Other income	32	31,863,213.28	41,662,022.80
Gains or losses from changes in fair values (Losses are listed with "-")	33	-71,049,416.18	-4,636,953.66
Exchange gains or losses (Losses are listed with "-")		-87,624,527.69	20,317,253.31
Other operating income		20,038,789.11	17,591,266.53
Disposal income on asset (Losses are listed with "-")		1,605.00	-14,438.34
II.Total operating expenses		868,135,896.22	1,028,086,129.64
Fee and commission expenses	34	147,752,660.28	122,729,308.96
Interest expenses	35	511,515,736.09	640,188,759.38
Taxes and surcharges	36	5,472,807.71	14,309,034.65
General and administrative expenses	37	155,631,599.68	209,557,130.98
Credit impairment losses	38	12,119,457.92	25,651,804.88
Other operating expenses	39	35,643,634.54	15,650,090.79
III.Operating profit (Losses are listed with "-")		-318,836,773.17	556,435,599.95
Add: Non-operating income		106,033.27	578,249.95
Less: Non-operating expenses		343,439.23	49,755.91
IV.Profit before tax (Losses are listed with "-")		-319,074,179.13	556,964,093.99
Less: Income tax expenses	40	10,018,582.39	145,980,826.68
V.Net profit (Losses are listed with "-")		-329,092,761.52	410,983,267.31
(I) Classified by the continuity of operation			
1.Net profit from continuing operations (Losses are listed with "-")		-329,092,761.52	410,983,267.31
2.Net profit from discontinued operations (Losses are listed with "-")			
(II) Classified by the ownership			
1.Net profit attributable to shareholders of the company (Net Loss is listed with "-")		-356,776,018.60	383,094,214.72
2.Profit or loss attributable to minority interests (Net Loss is listed with "-")		27,683,257.08	27,889,052.59
VI.Other comprehensive income, net of tax		41,174,206.73	21,766,294.34
Other comprehensive income, net of tax, attributable to shareholders of the company		41,174,206.73	21,766,294.34
(I) Other comprehensive income that will not be reclassified to profit or loss			
(II) Other comprehensive income to be reclassified to profit or loss		41,174,206.73	21,766,294.34
1.Other comprehensive income that can be reclassified to profit or loss in equity method		42,940,040.45	20,751,880.67
2.Changes in fair value of other debt investments			
3.Changes in the fair value of available-for-sale financial assets			
4.Amount of financial assets reclassified into other comprehensive income			
5.Provision for credit impairment of other debt investments			
6.Exchange differences on translation of foreign currency financial statements		-1,765,833.72	1,014,413.67
7.Others			
Other comprehensive income, net of tax, attributable to minority shareholders			
VII.Total comprehensive income		-287,918,554.79	432,749,561.65
Total comprehensive income attributable to shareholders of the company		-315,601,811.87	404,860,509.06
Total comprehensive income attributable to minority interests		27,683,257.08	27,889,052.59

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**COMPANY'S INCOME STATEMENT**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	2022	2021
I.Total operating income		338,124,226.70	1,447,744,640.52
Debt investments income	27	-9,079,532.35	842,737,145.92
Net gains on disposal of distressed debt assets	28	-1,300,539.36	117,948,180.44
Fee and commission income	29	323,646,818.86	285,649,539.02
Interest income	30	14,353,697.17	36,751,870.36
Investment income (Losses are listed with "-")	31	140,275,678.62	122,883,738.03
Including: Income from investments in associates and joint ventures		114,621,648.91	31,522,357.25
Other income	32	24,066,682.02	31,323,529.22
Gains or losses from changes in fair values (Losses are listed with "-")	33	-65,560,132.92	-6,883,052.37
Exchange gains or losses (Losses are listed with "-")		-88,544,867.36	17,333,689.90
Other operating income		266,422.02	
II.Total operating expenses		778,630,383.05	912,089,990.89
Fee and commission expenses	34	116,594,419.37	98,912,669.66
Interest expenses	35	575,509,666.89	628,770,602.84
Taxes and surcharges	36	2,263,895.53	10,227,224.77
General and administrative expenses	37	89,234,083.82	142,258,602.84
Credit impairment losses	38	-4,979,894.58	31,920,890.78
Other operating expenses	39	8,212.02	
III.Operating profit (Losses are listed with "-")		-440,506,156.35	535,654,649.63
Add: Non-operating income		0.96	547,201.39
Less: Non-operating expenses		263,518.80	18,200.01
IV.Profit before tax (Losses are listed with "-")		-440,769,674.19	536,183,651.01
Less: Income tax expenses	40	-14,323,938.20	122,340,210.09
V.Net profit (Losses are listed with "-")		-426,445,735.99	413,843,440.92
(I) Classified by the continuity of operation			
1.Net profit from continuing operations (Losses are listed with "-")		-426,445,735.99	413,843,440.92
2.Net profit from discontinued operations (Losses are listed with "-")			
VI.Other comprehensive income, net of tax		42,940,040.45	20,751,880.67
(I) Other comprehensive income that will not be reclassified to profit or loss			
(II) Other comprehensive income to be reclassified to profit or loss		42,940,040.45	20,751,880.67
1.Other comprehensive income that can be reclassified to profit or loss in equity method		42,940,040.45	20,751,880.67
2.Changes in fair value of other debt investments			
3.Changes in the fair value of available-for-sale financial assets			
4.Amount of financial assets reclassified into other comprehensive income			
5.Provision for credit impairment of other debt investments			
6.Exchange differences on translation of foreign currency financial statements			
7.Others			
VII.Total comprehensive income		-383,505,695.54	434,595,321.59

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	2022	2021
<b>I. Cash flow from operating activities</b>			
Net decrease in financial assets held-for-trading and net income from disposal of distressed assets		113,929,712.89	214,400,900.02
Cash receipts from interest, fees and commissions		549,342,945.97	1,712,400,352.94
Net decrease in financial assets purchased under resale agreements			242,000,000.00
Net decrease in lending		216,464,947.26	
Net decrease in debt investments		4,769,714,942.34	163,872,794.30
Cash receipts from borrowings		168,000,000.00	2,209,000,000.00
Other cash receipts relating to operating activities		508,923,785.19	469,560,807.70
Sub-total of cash inflows from operating activities		6,326,376,333.65	5,011,234,854.96
Cash payments for interest, fees and commissions		362,884,141.32	415,477,838.54
Net increase in lending			103,705,489.13
Cash payments to and on behalf of employees		126,307,511.73	144,157,978.19
Cash repayments of borrowings		439,106,800.00	3,303,000,000.00
Net cash payments from financial assets sold under repurchase agreements		34,144,062.85	154,321,220.25
Payments of various types of taxes		150,834,997.10	199,306,866.52
Other cash payments relating to operating activities		121,258,841.10	394,787,441.48
Sub-total of cash outflows from operating activities		1,234,536,354.10	4,714,756,834.11
<b>Net cash flow from operating activities</b>	41	5,091,839,979.55	296,478,020.85
<b>II. Cash flow from investing activities</b>			
Cash receipts from disposals and recovery of investments		610,000.00	1,193,473,678.84
Cash receipts from investment income		49,428,380.21	97,021,932.99
Net cash receipts from disposal of fixed asset, intangible assets and other long-term assets		2,753.66	64,718.19
Net cash receipts from disposal of subsidiaries and other business entities			60,000,000.00
Other cash receipts relating to investing activities			309,332,650.34
Sub-total of cash inflows from investing activities		50,041,133.87	1,659,892,980.36
Cash payments to acquire investments		5,426,012,391.41	1,354,503,069.08
Cash payments to acquire or construct fixed assets, intangible assets and others long-term assets		47,486,490.64	4,703,701.79
Sub-total of cash outflows from investing activities		5,473,498,882.05	1,359,206,770.87
<b>Net cash flow from investing activities</b>		-5,423,457,748.18	300,686,209.49
<b>III. Cash flow from financing activities</b>			
Cash receipts from capital contributions			18,000,000.00
Including: Cash receipts from capital contributions from minority owners of subsidiaries			18,000,000.00
Cash receipts from issue of bonds		1,223,000,000.00	1,225,875,600.00
Sub-total of cash inflows from financing activities		1,223,000,000.00	1,243,875,600.00
Cash payments for debt repayment		970,698,000.00	1,210,860,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		229,970,641.18	624,675,344.16
Including: Dividends or profit paid to minority owners of subsidiaries		19,831,819.94	67,749,366.61
Cash payments for lease		12,080,982.52	10,356,913.77
Other cash payments relating to financing activities		112,498,964.39	34,729,999.99
Sub-total of cash outflows from financing activities		1,325,248,588.09	1,880,622,257.92
<b>Net Cash flow from financing activities</b>		-102,248,588.09	-636,746,657.92
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		-666,667.54	-1,340,583.64
<b>V. Net Increase in cash and cash equivalents</b>	41	-434,533,024.26	-40,923,011.22
Add: Opening balance of Cash and Cash Equivalents		772,647,943.27	813,570,954.49
<b>VI. Closing balance of cash and cash equivalents</b>	41	338,114,919.01	772,647,943.27

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**COMPANY'S STATEMENT OF CASH FLOWS**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	Note V	2022	2021
<b>I. Cash flow from operating activities</b>			
Net decrease in financial assets held-for-trading and net income from disposal of distressed assets		74,613,289.06	205,033,306.08
Cash receipts from interest, fees and commissions		428,152,460.18	1,556,350,948.04
Net decrease in lending		226,700,000.00	120,000,000.00
Net decrease in debt investments		4,800,095,270.41	49,509,995.81
Cash receipts from borrowings		58,000,000.00	2,085,000,000.00
Other cash receipts relating to operating activities		154,706,181.65	1,211,306,704.54
Sub-total of cash inflows from operating activities		5,742,267,201.30	5,227,200,954.47
Cash payments for interest, fees and commissions		429,892,106.07	535,984,112.44
Cash payments to and on behalf of employees		69,396,542.81	83,837,167.20
Cash repayments of borrowings		304,106,800.00	3,168,000,000.00
Net cash payments from financial assets sold under repurchase agreements		33,944,062.85	161,821,220.25
Payments of various types of taxes		140,333,489.12	176,617,059.88
Other cash payments relating to operating activities		907,480,546.37	114,918,675.41
Sub-total of cash outflows from operating activities		1,885,153,547.22	4,241,178,235.18
<b>Net cash flow from operating activities</b>	41	3,857,113,654.08	986,022,719.29
<b>II. Cash flow from investing activities</b>			
Cash receipts from disposals and recovery of investments			1,046,400,000.00
Cash receipts from investment income		29,836,122.30	168,598,949.19
Net cash receipts from disposal of subsidiaries and other business entities			40,000,000.00
Sub-total of cash inflows from investing activities		29,836,122.30	1,254,998,949.19
Cash payments to acquire investments		4,400,733,391.41	1,165,117,227.25
Cash payments to acquire or construct fixed assets, intangible assets and others long-term assets		389,000.31	676,912.47
Sub-total of cash outflows from investing activities		4,401,122,391.72	1,165,794,139.72
<b>Net cash flow from investing activities</b>		-4,371,286,269.42	89,204,809.47
<b>III. Cash flow from financing activities</b>			
Cash receipts from issue of bonds		1,223,000,000.00	
Sub-total of cash inflows from financing activities		1,223,000,000.00	
Cash payments for debt repayment		970,698,000.00	564,730,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		153,859,540.01	414,667,238.45
Cash payments for lease		8,817,964.97	6,120,827.86
Sub-total of cash outflows from financing activities		1,133,375,504.98	985,518,066.31
<b>Net cash flow from financing activities</b>		89,624,495.02	-985,518,066.31
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>	41	-424,548,120.32	89,709,462.45
Add: Opening balance of Cash and Cash Equivalents		713,130,053.02	623,420,590.57
<b>VI. Closing balance of cash and cash equivalents</b>	41	288,581,932.70	713,130,053.02

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	2022							
	Attributable to owners of the Company						Minority interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Sub-total		
I. Balance at 31 December 2021	2,792,428,941.00	1,274,550,377.97	15,772,758.71	137,924,008.18	671,654,245.16	4,892,330,331.02	378,691,399.19	5,271,021,730.21
Add: Changes of accounting policy								
II. Balance at 1 January 2022	2,792,428,941.00	1,274,550,377.97	15,772,758.71	137,924,008.18	671,654,245.16	4,892,330,331.02	378,691,399.19	5,271,021,730.21
III. The amount of increase or decrease in the current period (Decrease is listed with "-")			41,174,206.73		-356,776,018.60	-315,601,811.87	8,181,769.09	-307,420,042.78
(I) Total comprehensive income			41,174,206.73		-356,776,018.60	-315,601,811.87	27,683,257.08	-287,918,554.79
(II) Capital contribution from shareholders and decrease in the capital								
i. Capital contribution from shareholders								
ii. Others								
(III) Profit distribution							-19,501,487.99	-19,501,487.99
i. Transfer to surplus reserve								
ii. Distribution to owners							-19,501,487.99	-19,501,487.99
iii. Transfer from common stock dividends to share capital								
iv. Others								
IV. Balance at 31 December 2022	2,792,428,941.00	1,274,550,377.97	56,946,965.44	137,924,008.18	314,878,226.56	4,576,728,519.15	386,873,168.28	4,963,601,687.43

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR 2022 - CONTINUED**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	2021							
	Attributable to owners of the Company						Minority interests	Total
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Sub-total		
I. Balance at 31 December 2020	2,634,366,925.00	1,274,550,377.97	-10,704,443.67	97,176,752.58	602,226,189.38	4,597,615,801.26	401,123,223.56	4,998,739,024.82
Add: Changes of accounting policy			4,710,908.04	-637,088.49	-9,296,831.43	-5,223,011.88	-221,245.25	-5,444,257.13
II. Balance at 1 January 2021	2,634,366,925.00	1,274,550,377.97	-5,993,535.63	96,539,664.09	592,929,357.95	4,592,392,789.38	400,901,978.31	4,993,294,767.69
III. The amount of increase or decrease in the current period (Decrease is listed with "-")	158,062,016.00		21,766,294.34	41,384,344.09	78,724,887.21	299,937,541.64	-22,210,579.12	277,726,962.52
(I) Total comprehensive income			21,766,294.34		383,094,214.72	404,860,509.06	27,889,052.59	432,749,561.65
(II) Capital contribution from shareholders and decrease in the capital					451,732.58	451,732.58	17,980,066.85	18,431,799.43
i. Capital contribution from shareholders							18,000,000.00	18,000,000.00
ii. Others					451,732.58	451,732.58	-19,933.15	431,799.43
(III) Profit distribution	158,062,016.00			41,384,344.09	-304,821,060.09	-105,374,700.00	-68,079,698.56	-173,454,398.56
i. Transfer to surplus reserve				41,384,344.09	-41,384,344.09			
ii. Distribution to owners					-105,374,700.00	-105,374,700.00	-68,079,698.56	-173,454,398.56
iii. Transfer from common stock dividends to share capital	158,062,016.00				-158,062,016.00			
iv. Others								
IV. Balance at 31 December 2021	2,792,428,941.00	1,274,550,377.97	15,772,758.71	137,924,008.18	671,654,245.16	4,892,330,331.02	378,691,399.19	5,271,021,730.21

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	2022					
	Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total
I. Balance at 31 December 2021	2,792,428,941.00	1,274,550,377.97	14,420,860.64	138,324,008.18	623,635,857.59	4,843,360,045.38
Add: Changes of accounting policy						
II. Balance at 1 January 2022	2,792,428,941.00	1,274,550,377.97	14,420,860.64	138,324,008.18	623,635,857.59	4,843,360,045.38
III. The amount of increase or decrease in the current period (Decrease is listed with "-")			42,940,040.45		-426,445,735.99	-383,505,695.54
(I) Total comprehensive income			42,940,040.45		-426,445,735.99	-383,505,695.54
(II) Profit distribution						
i. Transfer to surplus reserve						
ii. Distribution to owners						
iii. Transfer from common stock dividends to share capital						
iv. Others						
IV. Balance at 31 December 2022	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**GOHO ASSET MANAGEMENT CO., LTD.**  
**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR 2022- CONTINUED**  
**(Amounts in RMB Yuan, unless otherwise stated)**

Items	2021					
	Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total
I. Balance at 31 December 2020	2,634,366,925.00	1,274,550,377.97	-6,363,299.65	97,576,752.58	520,347,273.18	4,520,478,029.08
Add: Changes of accounting policy			32,279.62	-637,088.49	-5,733,796.42	-6,338,605.29
II. Balance at 1 January 2021	2,634,366,925.00	1,274,550,377.97	-6,331,020.03	96,939,664.09	514,613,476.76	4,514,139,423.79
III. The amount of increase or decrease in the current period (Decrease is listed with "-")	158,062,016.00		20,751,880.67	41,384,344.09	109,022,380.83	329,220,621.59
(I) Total comprehensive income			20,751,880.67		413,843,440.92	434,595,321.59
(II) Profit distribution	158,062,016.00			41,384,344.09	-304,821,060.09	-105,374,700.00
i. Transfer to surplus reserve				41,384,344.09	-41,384,344.09	
ii. Distribution to owners					-105,374,700.00	-105,374,700.00
iii. Transfer from common stock dividends to share capital	158,062,016.00				-158,062,016.00	
iv. Others						
IV. Balance at 31 December 2021	2,792,428,941.00	1,274,550,377.97	14,420,860.64	138,324,008.18	623,635,857.59	4,843,360,045.38

The accompanying notes form part of the financial statements.

Legal Representative:

Person in Charge of Accounting Body:

Chief Accountant:

**Goho Asset Management Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**  
**(Amounts in RMB Yuan, unless otherwise stated)**

**I. GENERAL**

**1. Company Overview**

Goho Asset Management Co., Ltd. (the "Company"), formerly known as Anhui Goho Financial Assets Management Co., Ltd. and Goho Financial Assets Management Co., Ltd., was incorporated in Wuhu City, Anhui Province on 29 April 2014, with the actual controller of the Company being Li Houwen and his spouse Liu Yang, and the legal representative being Mr. Li Houwen. With a registered capital of RMB 2,634,366,925.00, the Company was approved by the Wuhu Market Supervision Administration to obtain the Business License for Enterprise's Legal Person with a unified social credit code of 91340207098681720A, with no fixed business period. As of 31 December 2022, the registered capital of the Company was RMB 2,792,428,941.00.

The principal scope of business of the Company includes assets acquisition, management and disposal of assets, asset reorganization, accepting entrustment or entrusting to manage and dispose assets, asset management advisory (except for items that involve pre-license).

The principal scope of business of its subsidiaries includes assets acquisition, fund management, investment management, asset management, project investment, equity investment, debt investment, acting as an agent for distressed assets recovery, financial services for SME, establishment and processing of data base, advertising design, business management advisory service, corporate financial consulting, education consultation, education training(except for education for academic qualification).

The Company and its subsidiaries are collectively referred to as the Group.

This financial statements have been approved by the Company's management on April 27, 2023.

**2. Scope of Consolidated Financial Statements**

The relevant information of the Company's subsidiaries, please refer to "VII. Equity in other entities".

**II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**1. Basis of preparation**

This financial statement is prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as "ASBE") issued by the Ministry of Finance of the People's Republic of China.

## **2. Going concern**

The Group assessed its ability to continue as going concern for the 12 months starting from 31 December 2022 and didn't notice any matter or circumstance that may cast significant doubt on its ability to continue as going concern.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### **1. Statement of compliance with the ASBE**

The financial statements present truly and completely, the consolidated and Company's financial positions as at 31 December 2022 and the consolidated and Company's operating results and the cash flows for the period ended 2022 in accordance with Accounting Standards for Business Enterprises.

### **2. Accounting period**

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

### **3. Operating cycle**

The Group's operating cycle is 12 months.

### **4. Functional currency**

The Company and its domestic subsidiaries use Renminbi ("RMB") as the standard currency for accounting. The overseas subsidiaries of the Company determine Hong Kong dollars and U.S. dollars as their functional currencies according to the currencies in the main economic environment in which they operate. The Group adopts RMB to prepare the consolidated financial statements.

### **5. Accounting treatment method for business combination involving enterprises under common control and not involving enterprises under common control**

Business combinations involving enterprises under common control: the assets and liabilities acquired by the combining party in the business combination (including the goodwill formed by the acquisition of the combined party by the ultimate controlling party) shall be recorded in the combined financial statements of the ultimate controlling party according to the assets and liabilities of the combined party on the combination date. The book value is based on the measurement. The difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total face value of the issued shares) shall be adjusted to the share premium in the capital reserve. If the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

Business combinations not involving enterprises under common control: the cost of the combination is the fair value of the assets paid by the acquirer, the liabilities incurred or assumed, and the equity securities issued by the acquirer to obtain the control right of the acquiree on the acquisition date. The difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill; the difference between the merger cost and the fair value of the identifiable net assets of the acquiree obtained in the merger is included in the current profit and loss. The identifiable assets, liabilities and contingent liabilities of the acquiree

obtained in the merger that meet the recognition conditions are measured at fair value on the acquisition date.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred; the transaction costs of issuing equity securities or debt securities for a business combination are recognized in the initial confirmation amount of equity securities or debt securities.

## **6. Preparation of consolidated financial statements**

### **(1) Scope of consolidation**

The scope of consolidation of consolidated financial statements is determined based on control, and the scope of consolidation includes the Company and all its subsidiaries. Control represent that the investor has power over the investee and is entitled to variable return by participating the investee's relevant activities, and can use its power over the investee to affect its return.

### **(2) Combination procedure**

The Group regards the entire enterprise group as an accounting subject, and prepares consolidated financial statements under unified accounting policies, reflecting the overall financial status, operating results and cash flows of the enterprise group. The effect of intra-group transactions between the Company and subsidiaries on consolidated financial statements is eliminated on consolidation. If the internal transaction indicates that the relevant assets have suffered impairment loss, the full amount of the loss shall be recognized. If the significant accounting policies and accounting periods adopted by the subsidiaries are inconsistent with the Company's, necessary adjustments shall be set out by the Group accounting policies and accounting periods when preparing the consolidated financial statements.

The subsidiary's owner's equity, current net profit and loss and current comprehensive income belonging to minority shareholders are listed separately under the item of owner's equity in the consolidated balance sheet, the item of net profit in the consolidated income statement and the item of total comprehensive income. When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

#### **i. Add a subsidiary or business**

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flow from the beginning of the current period to the end of the reporting period of the subsidiary or business combination shall be included in the consolidated financial statements, and the opening balance and The relevant items in the comparative statement are adjusted, and it is deemed that the consolidated reporting entity has been in existence since the ultimate controlling party started to control.

Over the investee under the same control due to additional investment and other reasons, the equity investment held before the acquisition of the control of the merged party shall be in the same place as the merging party and the merged party on the date of obtaining the original equity. Relevant gains and losses, other comprehensive income, and other changes in net assets have been recognized

from the date of control to the date of combination, whichever is later, and offset the retained earnings at the beginning of the period or the current gains and losses respectively during the comparative statement period.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, the fair value of the identifiable assets, liabilities, and contingent liabilities determined on the purchase date shall be incorporated into the consolidated financial statements from the purchase date.

Not under the same control due to additional investment or other reasons, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the fair value is equal to its book value. The difference in value is included in the current investment income. Other comprehensive income that can be reclassified into profit or loss and other changes in owner's equity under the equity method accounting related to the equity of the acquiree held before the purchase date are transferred to the current investment income on the purchase date.

## ii. Disposal of subsidiaries

### ① General treatment method

When the control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the sum of the share of the original subsidiary's net assets calculated continuously from the purchase date or the merger date according to the original shareholding ratio and the goodwill, the difference is charged into the investment income in the current period when the control right is lost. Other comprehensive income related to the original subsidiary's equity investment that can be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method, are converted to investment income for the current period when control is lost.

### ② Dispose of subsidiaries step by step

If the equity investment in the subsidiary is disposed of step by step through multiple transactions until the control is lost, the terms, conditions, and economic impact of each transaction of the disposal of the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions The matter is a package deal:

- (i) The transactions were entered into simultaneously or concerning mutual influence;
- (ii) These transactions as a whole can achieve a complete commercial result;
- (iii) The occurrence of one transaction is contingent on the occurrence of at least one other transaction;
- (iv) A transaction is not economical on its own, but it is economical when considered in combination with other transactions.

If each transaction belongs to a package of transactions, each transaction shall be accounted for as a transaction that disposes of a subsidiary and loses control; each disposal price before the loss of control corresponds to the share of the net assets of the subsidiary corresponding to the disposal investment. The difference is recognized as other comprehensive income in the consolidated financial statements and is transferred to the profit and loss of the current period when the control is lost.

If each transaction does not belong to a package of transactions, before the loss of control, the accounting treatment of the equity investment in the subsidiary shall be carried out according to the partial disposal without losing control; when the control is lost, the accounting shall be carried out according to the general treatment method of disposal of the subsidiary.

iii. Purchase of minority stakes in subsidiaries

Adjust the capital reserve in the consolidated balance sheet for the difference between the long-term equity investment newly acquired due to the purchase of minority equity and the share of net assets that the subsidiary should enjoy continuously calculated from the date of purchase or the date of combination calculated according to the proportion of newly increased shareholding. If the share premium (or capital premium) in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

iv. Partial disposal of equity investment in subsidiaries without losing control

disposal price and the disposal of the long-term equity investment corresponding to the share of net assets of the subsidiary that has been continuously calculated since the date of purchase or the date of consolidation, adjust the share premium (or capital premium) in the capital reserve in the consolidated balance sheet, If the share premium (or capital premium) in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

## **7. Classification of joint arrangements and accounting for joint operations**

Joint arrangements are divided into joint operations and joint ventures.

Joint operation refers to a joint arrangement in which the joint venture party enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement.

The Group confirms the following items related to the share of interests in the joint operation:

- (1) Recognize the assets held by the Group individually, and recognize the assets jointly held by the Group.
- (2) Recognize the liabilities borne by the Group alone, and the liabilities borne jointly by the Group.
- (3) Recognize the income generated from the sale of the output share of the joint operation enjoyed by the Group.
- (4) Recognize the income generated by the joint operation due to the sale of output according to the share of the Group.
- (5) Recognize the expenses incurred individually, and recognize the expenses incurred by joint operation according to the share of the Group.

The Group's investment in joint ventures is accounted for by the equity method. For details, please refer to "III.11 Long-term equity investments".

## **8. Criteria for determining cash and cash equivalents**

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

## **9. Foreign currency business and foreign currency statement translation**

### **(1) Foreign currency business**

For foreign currency business, the spot exchange rate on the transaction date is used as the conversion rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items on the balance sheet date is translated at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom, except for the exchange difference arising from the foreign currency special borrowing related to the purchase and construction of assets eligible for capitalization, shall be calculated according to the capital of borrowing costs. In addition to the principle of processing, it is included in the current profit and loss.

## **(2) Translation of foreign currency financial statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; except for the item of "undistributed profit", other items of owner's equity shall be translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement shall be translated at the spot exchange rate on the transaction date.

Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. If the non-monetary item is an available-for-sale equity instrument, the translation difference shall be included in other comprehensive income, and the translation difference arising from other items shall be included into the current profit and loss. When disposing of an overseas operation, the foreign currency financial statement translation difference related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of disposal.

## **10. Financial instruments**

### **(1) Classification of financial instruments**

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group classifies financial assets as subsequently measured at amortized cost that meet both of the following conditions and is not designated as financial assets measured at fair value through profit or loss for the current period:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies financial assets as subsequently measured at fair value through other comprehensive income (debt instruments) that meet the following conditions and is not designated as fair value through profit or loss;

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may, at initial recognition, irrevocably designate an investment in equity instrument, which is not held for trading, as at fair value through other comprehensive income (equity instruments) when the designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be classified as measured at amortized cost or measured at fair value through other comprehensive income. Financial assets whose value is measured and whose changes are included in the current profit and loss.

Financial liabilities are classified at initial recognition into: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

The Group may, at initial recognition, designate financial liability as measured at fair value through profit or loss, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- a portfolio of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the portfolio is provided internally on that basis to the Group's key management personnel; or
- The financial liability contains embedded derivatives that need to be separated separately.

The Group reclassifies the affected related financial assets if and only if the Group changes its business model for managing financial assets. For reclassification of financial assets, from the first day of the first reporting period after the change in its business model, the relevant accounting treatment shall be carried out using the prospective application method.

## **(2) Recognition basis and measurement method of financial instruments**

### **Confirmation basis**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Purchase or sale of financial assets in a conventional manner, the assets to be received and the liabilities to be assumed are recognized on the transaction date, or the assets sold are derecognized on the transaction date, and the gain or loss on disposal is recognized at the same time, losses and receivables due from the buyer. Trading date refers to the date on which the Group commits to buy or sell financial assets.

### **Measurement method**

#### **(i) Financial assets measured at amortized cost**

Amortized costs include debt investments, accounts receivable, other receivables, long-term

receivables, etc., which are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the current profit and loss.

When recovering or disposing of, the difference between the price obtained and the book value of the financial asset shall be included in the current profit and loss.

(ii) Financial assets (debt instruments) at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including other debt investments, are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest, impairment losses or gains, and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

(iii) Financial assets (equity instruments) measured at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including other equity instrument investments, are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit and loss.

When the recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets, derivative financial assets, etc., which are initially measured at fair value, and relevant transaction costs are included in profit or loss for the current period. The financial assets are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

(v) Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value, and relevant transaction costs are included in current profit and loss. The financial liability is subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When the recognition is terminated, the difference between its book value and the consideration paid is included in the current profit and loss.

(vi) Financial liabilities measured at amortized cost

Amortized costs include short-term borrowings, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, etc., which are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the current profit and loss.

When the recognition is terminated, the difference between the consideration paid and the book value of the financial liability shall be included in the current profit and loss.

### **(3) Derecognition of Financial Assets and Transfer of Financial Assets**

The Group derecognizes a financial asset if one of the following conditions is satisfied:

- The contractual rights to the cash flows from the financial asset expire;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee;
- Although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

When a financial asset is transferred, if almost all the risks and rewards of ownership of the financial asset are retained, the financial asset will not be derecognized.

When a financial asset is transferred, if it neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, and does not give up control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continued involvement in the transferred financial asset.

When judging whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Group distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets satisfies the conditions for termination of recognition, the difference between the following two amounts shall be included in the current profit and loss:

- (i)The book value of the transferred financial assets;
- (ii)The consideration received due to the transfer, and the cumulative amount of changes in fair value originally included in the owner's equity (the financial assets involved in the transfer are financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income and available-for-sale financial assets ).

If the partial transfer of financial assets satisfies the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognition part and the non-derecognition part according to their respective relative fair values, and the difference between the following two amounts shall be calculated. Into the current profit and loss:

- (i) The book value of the derecognized part;
- (ii) The consideration for the derecognized part, and the amount of the corresponding derecognized part in the cumulative amount of changes in fair value originally included in the owner's equity (the financial assets involved in the transfer are those that are measured at fair value and whose changes are included in other comprehensive income. The sum of financial assets (debt instruments), available-for-sale financial assets).

If the transfer of financial assets does not meet the conditions for termination of recognition, the financial assets continue to be recognized, and the consideration received is recognized as a financial liability.

### **(4) Derecognition of financial liabilities**

The Group derecognizes a financial liability (or part of it) only when the underlying present

obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

All or part of the contract terms of the existing financial liabilities are substantially modified, the recognition of the existing financial liabilities or a part thereof shall be terminated, and the modified financial liabilities shall be recognized as a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Group repurchases part of its financial liabilities, on the repurchase date, the overall book value of the financial liabilities shall be allocated according to the relative fair value of the part that continues to be recognized and the part that is derecognized. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profit and loss.

#### **(5) Determination of fair value of financial assets and financial liabilities**

For financial instruments in active markets, their fair values are determined by quoted prices in active markets. For financial instruments that do not have an active market, their fair value is determined using valuation techniques. At the time of valuation, the Group adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information and selects the characteristics of the assets or liabilities considered by market participants in the transaction of the relevant assets or liabilities. , and prefer the relevant observable input value. Unobservable input values are used only when the relevant observable input values are unavailable or impractical to obtain.

#### **(6) Impairment of financial assets**

The Group estimates the expected credit losses of financial assets measured at amortized cost and financial assets at fair value through other comprehensive income (debt instruments) individually or in combination.

The Group considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions, and takes the risk of default as the weight to calculate the difference between the cash flows receivable from the contract and the cash flows expected to be received. The probability-weighted amount of the present value of the expected credit loss is recognized.

For the above financial instruments included in the expected credit loss measurement, the Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and uses the "three-stage" impairment model to measure them separately its loss provision and confirmation of expected credit losses:

- (i) Stage 1: Financial instruments with no significant increase in credit risk since initial recognition.
- (ii) Stage 2: Credit risk has increased significantly since initial recognition, but it is not considered a credit-impaired financial instrument.
- (iii) Stage 3: Credit-impaired financial instruments.

Expected credit losses of stage 1 assets are measured at 12-month expected credit losses, and stage 2 and stage 3 assets are measured at lifetime expected credit losses.

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit and loss, without reducing the financial asset The book value shown on the balance sheet.

In the previous accounting period, the loss provision has been measured according to the amount equivalent to the expected credit loss of the financial instrument during the entire duration, but on the balance sheet date of the current period, the financial instrument no longer belongs to the situation that the credit risk has increased significantly since the initial recognition. If on the balance sheet date of the current period, the loss provision of the financial instrument shall be measured according to the amount equivalent to the expected credit loss in the next 12 months, and the reversal amount of the loss provision thus formed shall be included in the current profit and loss as an impairment gain, but Except for purchased or originated credit-impaired financial assets. For purchased or originated credit-impaired financial assets, only the cumulative changes in expected credit losses during the entire duration since initial recognition are recognized as loss reserves on the current balance sheet date.

#### Judgment Criteria for Significant Increase in Credit Risk

The Group assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition. When determining whether credit risk has increased significantly since initial recognition, the Group considers that reasonable and evidence-based information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on historical data, external Credit Risk Ratings, and Forward-Looking Information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group determines the expected duration of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date and the risk of default on the date of initial recognition Changes in the risk of default occur.

The Group believes that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative, qualitative criteria, or ceiling indicators are triggered:

##### Quantitative standard

- On the reporting date, the probability of default for the remaining duration has increased by a certain percentage of the qualitative standard from the initial recognition;
- A material adverse change in the debtor's business or financial condition;
- Alert customer list.

##### Upper limit

- Debtor contractual payments (including principal and interest) are more than 30 days past due.

#### Definition of credit-impaired assets

When determining whether credit impairment occurs under the new financial instrument standards, the definition standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial instruments, and quantitative and qualitative

indicators are also considered. When assessing whether credit impairment occurs, the Group mainly considers the following factors:

- Serious financial hardship of the issuer or debtor;
- The debtor violates the terms of the contract, such as default or overdue payment of interest or principal;
- The creditor makes concessions to the debtor in financial difficulty due to economic or legal considerations;
- It is probable that the debtor will fail or undergo another financial restructuring;
- Due to the significant financial difficulties of the issuer, the financial asset cannot continue to be traded in an active market;
- Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred;
- Any principal, advance, interest, or invested corporate bonds of the debtor to the Group are more than 90 days past due.

Credit-impaired financial assets may be caused by the combined action of multiple events, not necessarily by individually identifiable events. For financial assets that have suffered credit impairment, the Group mainly analyzes the estimated future cash flows (including the realizable value of collateral held) based on individual financial assets, and the present value is determined by discounting at the original effective interest rate. The difference with the book value is included in the current profit and loss as an impairment loss or gain.

#### Parameters for expected credit loss measurement

According to whether there is a significant increase in credit risk and whether credit impairment has occurred, the Group measures the impairment provision for different assets with 12-month or entire duration expected credit losses respectively. Key parameters for expected credit loss measurement include PD, LGD, and exposure at default. According to the requirements of the new financial instrument standards, the Group considers quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods, collateral types, repayment methods, etc.) to establish the probability of default, loss given default, and default risk exposure model.

The relevant definitions are as follows:

- The probability of default refers to the possibility that the debtor will not be able to perform its repayment obligations in the next 12 months or throughout the remaining duration. The Group's PD is adjusted based on the results of the internal assessment model, adding forward-looking information and excluding prudential adjustments to reflect the "point-in-time" default probability of debtors under the current macroeconomic environment;
- Loss given default rate refers to the Group's expectation on the extent of losses incurred by exposures at default. LGD varies according to the type of counterparty, method and priority of recourse, and collateral;
- Default risk exposure refers to the amount that should be paid by the Group when a default occurs in the next 12 months or throughout the remaining duration.

#### Forward-Looking Information

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Group identifies key macroeconomic indicators that affect business credit risk and expected credit losses, such as the corporate climate index.

Forecast economic indicators every year, and determine the impact of economic indicators on PD and LGD through regression analysis.

In addition to providing benchmark economic scenarios, the Group combines statistical analysis to determine other possible scenarios and their weights. The Group measures relevant impairment allowances by weighted 12-month expected credit losses (stage 1) or weighted lifetime expected credit losses (stages 2 and 3). The above-weighted credit losses are calculated by multiplying the expected credit losses under each scenario by the weight of the corresponding scenario.

If the Group no longer reasonably expects that the contractual cash flow of a financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

#### **(7) Offset of financial instruments**

When there is a legal right to set off claims and liabilities and the legal right is currently enforceable, and both parties to the transaction intend to settle on a net basis or settle assets and liabilities at the same time, financial assets and liabilities shall be offset in the net amount after offsetting listed on the balance sheet. In addition, financial assets and financial liabilities are listed separately on the balance sheet and are not offset. The right of set-off shall not depend on future events and shall be enforceable by the Group in the normal course of business of the Group and all counterparties, or the event of default, insolvency, or bankruptcy.

### **11. Long-term equity investments**

#### **(1) Basis for determining joint control and significant influence over investee**

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be decided by the unanimous consent of the participants sharing the control rights. If the Group and other joint venture parties jointly control the investee and have rights to the net assets of the investee, the investee is a joint venture of the Group.

Significant influence refers to the right to participate in the financial and operational decisions of the investee, but cannot control or jointly control the formulation of these policies with other parties. If the Group can exert significant influence on the investee, the investee is an associate of the Group.

#### **(2) Determination of investment cost**

##### **(i) Long-term equity investment formed by business combination**

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party is recognized as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by

the issue of equity securities, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

For long-term equity investments obtained through business combination not involving enterprises under common control, the acquisition cost at the acquisition date is the investment cost of the long-term equity investments. Where the additional investment forms significant influence or joint control but not control over the investee, the cost of long-term equity investments is the sum of the fair value of original equity investments determined and the cost of additional investment.

(ii) Long-term equity investment obtained by means other than a business combination

For long-term equity investment obtained by paying cash, the initial investment cost shall be the actual purchase price paid.

For long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be used as the initial investment cost.

### **(3) Subsequent measurement and recognition of profit or loss**

(i) Long-term equity investment accounted for using the cost method

The company's long-term equity investment in subsidiaries is accounted for using the cost method, unless the investment meets the conditions for holding for sale. Except for the price actually paid when obtaining the investment or the declared but undistributed cash dividends or profits included in the consideration, the company recognizes the current investment income according to the cash dividends or profits declared and distributed by the investee.

(ii) Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve.

The Group recognizes its share of the investee's net profit or loss, other comprehensive income, and other changes in owner's equity based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments.

The unrealized profit and loss of internal transactions between the company and its associates and joint ventures shall be calculated according to the proportion attributable to the company and shall be offset, and the investment income shall be recognized on this basis, but the assets invested or

sold constitute business Except. If the unrealized internal transaction losses with the investee belong to asset impairment losses, they shall be fully recognized.

Limited to the book value of the long-term equity investment and other long-term equity that substantially constitutes a net investment in the joint venture or associate, except for the obligation to undertake additional losses. . If the joint venture or joint venture realizes net profit in the future, the company shall resume the recognition of the profit-sharing amount after the profit-sharing amount makes up for the unrecognized loss-sharing amount.

(iii) Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and the current profit or loss is carried forward proportionately.

If the joint control or significant influence over the investee is lost due to the disposal of an equity investment or other reasons, other comprehensive income recognized by the original an equity investment due to the use of the equity method for an accounting shall be calculated as related to the direct disposal of the investee when the equity method is terminated. Assets or liabilities are accounted for on the same basis, and other changes in the owner's equity are transferred to the current profit and loss when the equity method is terminated.

If the company loses control over the investee due to the disposal of part of the equity investment and other reasons, and the remaining equity can exercise joint control or significant influence on the investee when preparing individual financial statements, it shall be accounted for by the equity method instead, and the remaining equity shall be accounted for by the equity method. It is deemed that the equity method is used for adjustment since the acquisition, and other comprehensive income recognized before the acquisition of the control right of the investee is carried forward on the same basis as the investee directly disposes of the relevant assets or liabilities. Changes in other recognized owner's equity are carried forward to the current profit and loss proportionately; if the remaining equity cannot exercise joint control or exert significant influence on the investee, it is recognized as a financial asset, and the difference between its fair value and book value on the date of losing control is calculated. The difference is included in the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before the acquisition of the control right of the investee are carried forward.

If the equity investment in the subsidiary is disposed of in stages through multiple transactions until it loses control, and it belongs to a package transaction, each transaction shall be accounted for as a transaction that disposes of the equity investment in the subsidiary and loses control; every time before the loss of control the difference between the disposal price and the book value of the long-term equity investment corresponding to the disposed of equity is first recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss when control is lost. If it does not belong to a package transaction, each transaction shall be accounted for separately.

## **12. Investment properties**

Investment property refers to property held to earn rentals or for capital appreciation, or both,

including leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings (Including buildings for lease after self-construction or development activities and buildings under construction or development for future lease).

Subsequent expenditures related to investment property shall be included in the cost of investment property when the relevant economic benefits are likely to flow in and the cost can be reliably measured; otherwise, it shall be included in the current profit and loss when incurred.

The Group adopts the cost model to measure the existing investment properties. The investment property is measured according to the cost model - buildings for rental use the same depreciation policy as the Group's fixed assets, and the land use rights for rental use the same amortization policy as for intangible assets.

### 13. Fixed assets

#### (1) Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when the following conditions are met at the same time:

- (i) the economic benefits associated with the asset will flow to the Group; and
- (ii) the cost of the asset can be measured reliably.

Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

#### (2) Depreciation method

The depreciation of fixed assets is classified and accrued using the straight-line method, and the depreciation rate is determined according to the type of fixed assets, estimated service life, and estimated net residual value rate. For the fixed assets with depreciation reserves, the depreciation amount shall be determined according to the book value after deducting the depreciation reserves and the remaining useful life in the future period. If the service life of each component of fixed assets is different or provides economic benefits to the enterprise in different ways, choose different depreciation rates or depreciation methods, and accrue depreciation separately.

The depreciation method, depreciation period, residual value rate, and annual depreciation rate of various fixed assets are as follows:

Categories	Depreciation method	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	Average years method	25	5	3.80
Electronic equipment	Average years method	3-5	5	19.00-31.67
Transportation vehicles	Average years method	5	5	19.00
Fixtures and furniture	Average years method	5	5	19.00

#### (3) Disposal of fixed assets

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from

its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

#### **14. Intangible assets**

Intangible assets mainly include computer software use right etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

#### **15. Impairment of long-term assets**

Long-term equity investments, investment property measured by the cost model, fixed assets, right-of-use assets, intangible assets with limited useful lives and other long-term assets, if there is any sign of impairment on the balance sheet date, an impairment test is performed. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's estimated future cash flows. Provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is the smallest group of assets that can independently generate cash inflows.

For goodwill formed due to business combination, intangible assets with indefinite service life, and intangible assets that have not yet reached a usable state, an impairment test shall be performed at least at the end of each year, regardless of whether there is any sign of impairment.

The Group conducts the goodwill impairment test. The book value of the goodwill formed due to business combination shall be allocated to the relevant asset groups in a reasonable manner from the date of purchase; if it is difficult to allocate it to the relevant asset groups, it shall be allocated to the relevant asset group combination. The relevant asset group or asset group combination is the asset group or asset group combination that can benefit from the synergistic effect of the business combination.

When conducting an impairment test on the relevant asset group or combination of asset groups containing goodwill, if there is any sign of impairment in the asset group or combination of asset groups related to goodwill, first perform impairment test on asset groups or asset group combinations that do not contain goodwill. Calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then carry out an impairment test on the asset group or combination of asset groups containing goodwill, and compare its book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss is first deducted from the book value of the goodwill allocated to the asset group or portfolio of asset groups. Then according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination, the book value of other

assets is deducted proportionally.

After the above-mentioned asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

#### **16. Long-term prepaid expenses**

Long-term prepaid expenses are various expenses incurred but should be accounted in the current period and future periods with an amortization period of more than one year. Long-term prepaid expenses are averagely amortized over the estimated beneficiary period.

#### **17. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements**

Resold on a certain future date according to the agreement at the time of purchase will not be recognized in the balance sheet. Costs paid to acquire these assets, including Accrued interest, are shown on the balance sheet as financial assets purchased under resale agreements. The difference between the purchase price and the resale price is recognized during the agreement period using the effective interest method and included in interest income.

Sold assets that are repurchased on a certain future date according to the agreement are not derecognized in the balance sheet. Proceeds from the sale of these assets, including accrued interest, are presented on the balance sheet as financial assets sold under repurchase agreements to reflect their economic substance as loans to the Group. The difference between the selling price and the repurchase price is recognized by the effective interest method during the agreement period and included in the interest expense.

#### **18. Contract liabilities**

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between fulfill performance obligations and customer payments. The Group's obligations to transfer goods or provide services to customers for consideration received or receivable from customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

#### **19. Employee benefits**

##### **(1) Accounting treatment of short-term compensation**

During the accounting period in which an employee has rendered service to the Group, the Group recognizes the actual short-term remuneration as a liability and includes it in the current profit and loss or the cost of related assets.

Social security expenditures and housing provident funds paid by the Group for employees, as well as the union funds and employee education funds drawn as required. During the accounting period in which an employee has rendered service to the Group, the corresponding amount of employee remuneration is calculated and determined according to the prescribed accrual basis and accrual ratio.

Employee welfare expenses incurred by the Group are included in the current profit and loss or the cost of related assets according to the actual amount when they are actually incurred, of which non-monetary benefits are measured at fair value.

## **(2) Accounting treatment of post-employment benefits**

### **(i) Defined Contribution Plan**

The Group pays basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government. In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognized as a liability by the Company and charged to profit or loss in the period, or included in cost of related assets.

### **(ii) Defined benefit plan**

According to the formula determined by the expected cumulative welfare unit method, the Group assigns the welfare obligations arising from the defined benefit plan to the period during which an employee render service, and charged to profit or loss in the period, or included in cost of related assets.

The deficit or surplus formed by the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets is recognized as a net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the Group shall measure the net assets of the defined benefit plan at the lower of the surplus of the defined benefit plan and the upper limit of assets.

All defined benefit plan obligations, including those expected to be paid within twelve months of the end of the annual reporting period in which the employee provides services, are based on treasury bonds or active debt that matches the term and currency of the defined benefit plan obligations on the balance sheet date. Market yields on high-quality corporate bonds in the market are discounted. The service cost generated by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or the cost of relevant assets; the changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, and will not be transferred back to profit or loss in subsequent accounting periods. When the original defined benefit plan is terminated, all the parts originally included in other comprehensive income will be carried forward to undistributed profits within the scope of equity.

When the defined benefit plan is settled, the settlement gain or loss shall be recognized according to the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

## **(3) Accounting treatment of termination benefits**

If the Group provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits shall be recognized on the earlier of the following two dates and included in the current profit and loss: When the company cannot unilaterally withdraw the termination benefits provided due to the labor relationship termination plan or the layoff proposal; when the company recognizes costs or expenses associated with a restructuring involving the payment of termination benefits.

## **20. Estimated liabilities**

When the obligations related to contingencies meet the following conditions at the same time, the Group recognizes them as estimated liabilities:

- (i) The obligation is a current obligation undertaken by the Group;

(ii) The performance of this obligation is likely to result in the outflow of economic benefits from the Group;

(iii) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best estimate of the expenditures required to perform the relevant current obligations.

When determining the best estimate, factors such as risks, uncertainties, and the time value of money related to contingencies are taken into consideration. If the impact of the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of required expenditure, and the probability of occurrence of various outcomes within this range is the same, the best estimate shall be determined according to the middle value within the range; in other cases, the best estimate shall be dealt with in the following cases:

- If a contingency involves a single item, it shall be determined according to the most likely amount.
- If a contingent event involves multiple projects, it shall be determined according to various possible results and related probabilities.

If all or part of the expenses required to pay off the estimated liabilities are expected to be compensated by a third party when the compensation amount is confirmed to be received, it is recognized as an asset separately, and the confirmed compensation amount does not exceed the book value of the estimated liabilities.

The Group reviews the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

## **21. Income**

### **(1) Interest income**

The interest income of all interest-bearing financial instruments refers to the interest income generated by the debt financial assets invested by the Group. Interest income is calculated by multiplying the effective interest rate by the carrying amount of the financial asset, but for credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate by the amortized cost (that is, net of expected credit impairment reserves). Other interest income is calculated and recognized according to the time when others use the Group's monetary funds and the actual interest rate.

### **(2) Net income from disposal of distressed assets**

The net income from the disposal of distressed assets is the gain or loss from the disposal of distressed assets in the held-for-trading financial assets.

### **(3) Fee and commission income**

Fee and commission income includes fund management business income and financial consulting income. Fund management business refers to the provision of management services by the Group as a fund manager to entrusted funds under management, and financial consulting business refers to the Company's provision of related financial consulting services. Fund management business income and financial advisory income are recognized on an accrual basis when services are provided.

## **22. Government Grants**

### **(1) Types**

Government grants are monetary or non-monetary assets obtained by the Group from the government free of charge and are classified into asset-related government grants and income-related government grants.

Government grants related to assets refer to the government grants obtained by the Group for purchase and construction or to form long-term assets in other ways. Government grants related to income refer to government grants other than government grants related to assets.

### **(2) Confirm time**

Government subsidies are recognized when the Group can meet the conditions attached to them and can receive them.

### **(3) Accounting treatment**

Government grants related to assets are written off against the book value of related assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss reasonably and systematically manner within the useful life of the relevant assets (related to the daily activities of the Group, included in other income; unrelated to the daily activities of the Group, included in non-operating income);

Government grants related to income, which are used to compensate the related costs or losses of the Group in subsequent periods, are recognized as deferred income and are included in the current profit and loss (related to the daily activities of the Group) during the period in which the related costs or losses are recognized. If it is not related to the daily activities of the Group, it is included in non-operating income) or offsets related costs or losses; if it is used to compensate for the related costs or losses incurred by the Group, it is directly included in the current profit and loss (Related to the Group's daily activities, included in other income; unrelated to the Group's daily activities, included in non-operating income) or offset related costs or losses.

## **23. Deferred tax assets and deferred tax liabilities**

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combination and transactions or events directly included in owners' equity (including other comprehensive income), the Group includes current income tax and deferred income tax in current profit and loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences).

For deductible temporary differences, the recognition of deferred tax assets is limited to the amount of taxable income that is likely to be obtained in the future to deduct the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to deduct the deductible losses and tax credits is limited.

For taxable temporary differences, except in special circumstances, deferred tax liabilities are recognized.

Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;

- Transactions or events that are neither business combinations nor affect accounting profits and taxable income (or deductible losses) at the time of their occurrence.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures unless the Group can control the timing of the reversal of the temporary difference and the temporary difference is probable in the foreseeable future will not turn back. For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and it is likely to be obtained in the future to offset the deductible temporary differences. Deferred tax assets are recognized when taxable income is determined.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are repaid according to the tax laws.

On the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable income cannot be obtained in future periods to offset the benefits of deferred tax assets, the book value of deferred tax assets is written down. The write-down amount is reversed when it is probable that sufficient taxable income will be obtained.

When it has the legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as a net amount after offsetting when the following conditions are met at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection authority on the same taxable entity or to different taxable entities, but each significant deferred income tax asset and liability will be transferred in the future. During the return period, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities at the same time.

## **24. Leases**

Lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period time.

On the contract inception date, the Group assesses whether the contract is a lease or contains a lease. A contract is or contains a lease if a party to a contract transfers its right to control the use of one or more identified assets for some time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Group will split the contract and account for each separate lease separately. If the contract contains both lease and non-lease parts, the lessee and the lessor will split the lease and non-lease parts.

For rental reductions such as rent reductions or deferred payments directly caused by the COVID-19 epidemic and agreed on existing lease contracts, if the following conditions are met at the same time, the Group adopts a simplified method for all lease selections. Lease classification is not reassessed.

### **(1) The Group as the lessee**

i. Right-of-use assets

On the lease commencement date, the Group recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liabilities;
- For lease payments made on or before the commencement date of the lease period, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
- Initial direct costs incurred by the lessee;
- Costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms, but do not include costs incurred for the production of inventories.

The Group subsequently uses the straight-line method to depreciate right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the Group shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining useful life of the leased asset.

The Group is governed by "III.15 Impairment of long-term assets" in this note, and performs accounting treatment on the identified impairment losses.

ii. Lease liabilities

On the commencement date of the lease term, the Group recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

- Fixed payments (including actually fixed payments), if there is a lease incentive, deduct the relevant amount of the lease incentive;
- Variable lease payments that depend on an index or rate;
- Payments expected to be made based on residual value guarantees provided by the lessee;
- The exercise price of the purchase option, provided that the lessee is reasonably certain that the option will be exercised;
- Payments for exercising an option to terminate the lease provided that the lease term reflects that the lessee will exercise the option to terminate the lease.

The Group adopts the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate.

The Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate and includes it in the current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are incurred.

Of the lease term, the Group re-measures the lease liabilities and adjusts the corresponding right-of-use assets under the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit and loss:

- When there is a change in the evaluation result of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is inconsistent with the

original evaluation result, the Group shall calculate the lease payment amount after the change and the revised discount rate according to the calculated present value of the lease liability is remeasured;

- When the actual fixed payment changes, the estimated payable amount of the residual value guarantee changes, or the index or ratio used to determine the lease payment changes, the Group will re-calculate the present value based on the changed lease payment and the original discount rate. Measure the lease liability. However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value.

#### iii. Short-term leases and low-value asset leases

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases and includes relevant lease payments in the current profit and loss or the cost of relevant assets on a straight-line basis over each period of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. A low-value asset lease refers to a lease with a lower value when a single leased asset is a brand-new asset. If the Group subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

#### iv. Lease change

If the lease changes and the following conditions are met at the same time, the Group will account for the lease change as a separate lease:

- The lease modification increases the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract situation.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group re-allocates the consideration of the contract after the change, re-determines the lease term, and calculates the current value based on the lease payment after the change and the revised discount rate, value to remeasure the lease liability.

If the lease modification results in the narrowing of the lease scope or the shortening of the lease term, the Group reduces the book value of the right-of-use assets accordingly and includes the relevant gains or losses from partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of the lease liability, the Group adjusts the book value of the right-of-use assets accordingly.

#### v. Rent concessions related to COVID-19

For those adopting the simplified method of rent reduction related to the new crown pneumonia epidemic, the Group does not assess whether there is a lease change, and continues to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss, and continue to use the same discount rate as before the reduction. The right-of-use assets is depreciated using the same method as before. In the event of a rent reduction or exemption, the Group regards the reduced rent as the variable lease payment, and when a concession agreement is reached to release the original rent payment obligation, the discounted amount at the undiscounted or pre-discount discount rate will be used to offset the relevant asset costs or expenses, and adjust the lease liabilities accordingly; if the rental payment is delayed, the

Group will offset the lease liabilities recognized in the previous period when the actual payment is made.

For short-term leases and leases of low-value assets, the Group continues to include the original contract rent in the cost or expense of the relevant assets in the same way as before the concession. In case of a rent reduction or exemption, the Group regards the reduced rent as the variable lease payment, and offsets the relevant asset costs or expenses during the period of reduction or exemption; if the rent payment is delayed, the Group recognizes the rent payable as payable during the original payment period, and When the actual payment is made, the payables recognized in the previous period are offset.

## **(2) The Group as lessor**

On the lease commencement date, the Group classifies leases into finance leases and operating leases. A financial lease is a lease that essentially transfers almost all the risks and rewards associated with the ownership of the leased asset, regardless of whether the owner is ultimately transferred. Operating leases refer to leases other than finance leases. When the Group acts as the lessor of a sublease, it classifies the sublease based on the right-of-use assets arising from the original lease.

### **i. Accounting treatment of operating leases**

Lease receipts from operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Group capitalizes the initial direct expenses incurred about operating leases and is amortized and included in the current profit and loss on the same basis as the rental income is recognized during the lease term. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are incurred. If the operating lease is changed, the Group will account for it as a new lease from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change are regarded as the receipts of the new lease.

### **ii. Accounting treatment of financial lease**

On the lease commencement date, the Group recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets. When the Group initially measures the finance lease receivables, the net investment in the lease is regarded as the entry 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 commencement date of the lease term, discounted at the interest rate implicit in the lease.

The Group calculates and recognizes interest income in each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for following "III.10 Financial instruments" in this note.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are incurred.

If there is a change in a finance lease and the following conditions are met at the same time, the Group will account for the change as a separate lease:

- The change expands the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract situation.

If the modification of a finance lease is not accounted for as a separate lease, the Group shall deal with the modified lease under the following circumstances:

- If the change takes effect on the lease inception date, the lease will be classified as an operating lease, and the Group will account for it as a new lease from the effective date of the lease change, and use the net lease investment before the effective date of the lease change as the book value of the lease asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Group conducts accounting treatment by the policy on modifying or renegotiating contracts in "III.10 Financial instruments" in this note.

### iii. Rent concessions related to COVID-19

For operating leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the Group continues to recognize the original contract rent as rental income by the same method as before the reduction; if there is rent reduction or exemption, the Group regards the reduced rent as a variable lease. The payment amount shall be offset against the lease income during the period of reduction or exemption; if the rental collection is delayed, the Group shall recognize the rent receivable as an account receivable during the original collection period, and offset the account receivable recognized in the previous period when it is received.

For finance leases that adopt the simplified method of rent reduction related to the COVID-19 epidemic, the Group continues to calculate the interest at the same discount rate as before the reduction and recognize it as lease income. In the event of a rent reduction or exemption, the Group regards the reduced rent as the variable lease payment, and when a concession agreement is reached or the right to receive the original rent is waived, the discounted amount at the undiscounted or pre-discount discount rate will be used to offset the originally recognized amount. Lease income, the part that is not enough to be written off is included in investment income, and the finance lease receivables are adjusted accordingly; if the rental collection is delayed, the Group offsets the finance lease receivables recognized in the previous period when it is received.

### **(3) Sale and leaseback transactions**

The Group evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale by the principles described in "III.21 Income" in this note.

#### i. As a lessee

The asset transfer in the sale and leaseback transaction is a sale, the Group, as the lessee, measures the right-of-use assets formed by the sale and leaseback according to the part of the original book value of the asset that is related to the right of use obtained by leaseback, and only for the transfer to the lease. If the asset transfer in the sale-and-leaseback transaction is not a sale, the Group, as the lessee, continues to recognize the transferred asset and recognizes a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, please refer to "III.10 Financial instruments" in this note.

#### ii. As a lessor

The asset transfer in the sale and leaseback transaction is a sale, the Group shall account for the purchase of the asset as the lessor, and the asset lease shall be accounted for by the aforementioned "(2) The Group as the lessor" policy; If the transfer of assets is not a sale, the Group as the lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income.

For the accounting treatment of financial assets, please refer to "III.10 Financial instruments" in this note.

## **25. Significant accounting estimates and judgments**

### **(1) Classification of financial assets**

When determining the classification of financial assets, the Group mainly considers the contractual cash flow characteristics and business model of financial assets. The Group determines its business model based on specific business objectives for managing financial asset groups. This assessment includes judgments that reflect all relevant evidence, including how to value and measure asset performance, the risks that affect asset performance, and how asset managers will be compensated if the risks are managed. The Group will monitor financial assets measured at amortized cost before they expire and derecognize them to understand the reasons for their disposal and whether such reasons are consistent with the business objectives of holding the assets.

### **(2) Measurement of expected credit losses**

The Group's debt assets and other assets, etc., are measured by expected credit impairment losses. The main issues that the Group considers when measuring expected credit losses include:

**Significant increase in credit risk:** the expected credit loss of the first stage assets is measured by the 12-month expected credit loss provision, and the second and third stage assets are measured by the lifetime expected credit loss provision. If the credit risk of an asset has increased significantly since initial recognition, it is transferred to the second stage, and when credit-impaired, it is transferred to the third stage (but does not belong to the purchase of originating credit-impaired assets). The new financial instrument standard does not define what constitutes a significant increase in credit risk. When assessing whether an asset's credit risk has increased significantly, the Group will consider reasonable and supportable quantitative forward-looking information and qualitative forward-looking information.

**Use of models and assumptions:** the Group uses various models and assumptions to measure the fair value and expected credit losses of financial assets. The Group determines the most appropriate models for each type of financial asset and the assumptions used in those models, including those related to key drivers of credit risk.

**Forward-looking information:** In measuring expected credit losses, the Group uses reasonably evidence-based forward-looking information that is based on assumptions about the future trends of various economic drivers and how those drivers will interact with each other.

**Default probability:** Default probability is an important input value for expected credit risk. The probability of default is an estimate of the probability of default within a certain period in the future, and the calculation involves historical data, assumptions, and expectations of future conditions.

**LGD:** LGD is an estimate of LGD. It is based on the difference between the contractual cash flows and the contractual cash flows the lender expects to receive, taking into account cash flows from collateral and credit enhancements.

### **(3) Fair value of financial instruments**

The Group's financial assets measured at fair value include the acquired distressed assets and other financial instruments whose fair value is measured at the third level. When the distressed assets and other financial instruments whose fair value is measured at the third level are used for subsequent measurement at fair value, since they are financial assets that do not have an active trading market, it is necessary to establish a valuation model based on subjective judgments and market assumptions to determine their fair value. The Group adopts valuation methods including discounted cash flow analysis. The Group's management makes estimates on assumptions in specific areas, such as counterparty credit risk, market volatility, and discount rates. Changes in relevant assumptions will have an impact on the fair value valuation of financial instruments.

### **(4) Income tax**

In the normal business activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be disbursed before tax requires the approval of the competent government authority. If there is a difference between the final recognition result of these tax matters and the amount originally recorded, the difference will have an impact on the current income tax and deferred income tax during the final recognition period.

## **26. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### **(1) Significant accounting policy changes**

i. Implement the "Interpretation of accounting standards for Business Enterprises No. 15"

On December 30, 2021, the Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 15" (Cai Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15").

Regarding the judgment of loss-making contracts, Interpretation No. 15 clarifies that the "cost of performing the contract" considered by enterprises in determining whether the contract constitutes a loss-making contract should include both the incremental cost of performing the contract and the apportionment amount of other costs directly related to the performance of the contract. This provision shall be implemented as of January 1, 2022. Enterprises shall implement this provision for contracts that have not fulfilled all their obligations by January 1, 2022. The cumulative impact amount shall adjust the retained earnings and other related financial statement items at the beginning of the year on the implementation date, without adjusting the data in the previous comparative financial statements. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

ii. Implement the "Notice on Relevant Issues of Applying the <Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19>"

On May 19, 2022, the Ministry of Finance issued the "Notice on Relevant Issues of Applying the <Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19>" (Cai Kuai [2022] No. 13), which once again adjusted the scope of application of rent concessions related to COVID-19 that allowed the use of the simplified method, and removed the original restriction that "concessions only for lease payments payable before June 30, 2022" could apply the simplified method. For the reduction of lease payments payable after June 30, 2022 directly caused by the

COVID-19, the lessee and the lessor can continue to choose the simplified accounting method specified in the Regulations on Accounting Treatment of Rent Reduction Related to the COVID-19, and other applicable conditions remain unchanged. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

iii. Implement the "Accounting Standards for Business Enterprises Interpretation No. 16"

On November 30, 2022, the Ministry of Finance promulgated the "Interpretation of Accounting Standards for Business Enterprises No. 16" (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16").

① Accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by enterprises, if the relevant dividend expenditures are deducted before corporate income tax in accordance with the relevant provisions of tax policies, the income tax impact related to dividends should be recognized when recognizing dividends payable. The income tax impact of dividends is included in the current profit and loss or owner's equity items (including other comprehensive income items) in a manner consistent with the accounting treatment used in transactions or events that generated distributable profits in the past.

The regulations shall come into effect as of the date of promulgation. If the relevant dividends payable occur between January 1, 2022 and the implementation date, adjustments shall be made in accordance with the regulations; Retroactive adjustments shall be made for financial instruments that occurred before January 1, 2022 and whose recognition has not been terminated on January 1, 2022. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

② Accounting treatment for enterprises to modify cash settled share-based payments to equity settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash settled share-based payment agreement to make it an equity settled share-based payment, on the modification date (whether occurring within the waiting period or after the end), the equity settled share-based payment should be measured at the fair value on the date of modification of the granted equity instrument, and the services obtained should be included in the capital reserve. At the same time, the recognition of cash settled share-based payment liabilities that have been recognized on the modification date is terminated, and the difference between the two is included in the current profit and loss.

The regulations shall come into effect as of the date of promulgation, and new relevant transactions added from January 1, 2022 to the implementation date shall be adjusted in accordance with the regulations; If the relevant transactions occurred before January 1, 2022 have not been processed in accordance with this provision, a retrospective adjustment should be made, with the cumulative impact adjusted to retained earnings and other related items as of January 1, 2022, without adjusting the data in the previous comparative financial statements. The implementation of this provision did not have a significant impact on the Group's financial condition and operating results.

**(2) Changes in significant accounting estimates**

There were no significant changes in accounting estimates during the reporting period.

## IV. TAXATION

### 1. Main taxes and rates

Items	Taxation basis	Tax rate
Value-added tax	Output tax shall be calculated on the basis of taxable income calculated according to the tax law, and the difference shall be VAT payable after deducting the input tax allowed to be deducted in the current period	3%, 6%
City maintenance and construction tax	Payment according to the actual value -added tax paid	7%
Educational surcharge	Payment according to the actual value -added tax paid	3%
Local educational surcharge	Payment according to the actual value -added tax paid	2%
Enterprise income tax	Payment by taxable income	16.5%, 25%

### 2. Tax incentives

#### (1) Enterprise income tax

According to the "Enterprise Income Tax Law of the People's Republic of China" promulgated on March 16, 2007, and other relevant enterprise income tax regulations, the enterprise income tax rate of the Company and some of its subsidiaries is 25% (2021: 25%).

For the subsidiaries of the Group located in Hong Kong, China, according to the Hong Kong Inland Revenue Ordinance, the enterprise income tax rate is 16.5% (2021: 16.5%).

Some of the Group's subsidiaries in 2022 and 2021 comply with the "Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises" (Cai Shui [2019] No. 13) issued by the Ministry of Finance and the State Administration of Taxation in 2019, enjoy preferential taxation according to the following policies, and the income tax rates are 2.5%, 5%, and 10% respectively; for small and low-profit enterprises whose annual taxable income does not exceed 1 million, 25% of taxable income shall be included in the income tax calculation with the tax rate of 20%; for the portion of the annual taxable income exceeding 1 million but not exceeding 3 million, 50% of taxable income shall be included in the income tax calculation with the tax rate of 20%. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement No. 12 [2021] of the Ministry of Finance and the State Administration of Taxation), based on the preferential policies stipulated in Article 2 of Cai Shui [2019] No. 13, for the small and low-profit enterprises whose annual taxable income does not exceed 1 million, the enterprise income tax rate will be reduced by half.

#### (2) VAT

The VAT payable is the balance after deducting the deductible input tax from the output tax. The output tax of the Group is calculated at 6% of the sales according to the relevant tax laws. Some subsidiaries are small-scale taxpayers, and the tax payable is calculated at 3% of sales based on the relevant tax laws.

According to the Ministry of Finance and the State Administration of Taxation [2020] No. 13, "Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT

Policies Supporting the Resumption of Work and Business for Individual Industrial and Commercial Households", from March 1 to May 31, 2020, the small-scale VAT taxpayers in Hubei Province with the rate of 3% is exempt from VAT; the pre-paid VAT items with the rate of 3% is suspended. Except for Hubei Province, small-scale VAT taxpayers in other provinces, with the rate of 3% is changed to 1%, the pre-paid VAT items with the rate of 3% is changed to 1%.

According to the Ministry of Finance and the State Administration of Taxation [2021] No. 7 "Announcement of the Ministry of Finance and the State Administration of Taxation on Postponing the Implementation of Some Tax Rate Preferential Policies in Response to the Epidemic", "the Ministry of Finance and the State Administration of Taxation [2020] No. 13" has been extended to 31 December 2021.

According to the Ministry of Finance and the State Administration of Taxation [2022] No. 15 "Announcement on VAT Exemption for small-scale VAT Taxpayers", Article 1 of "the Ministry of Finance and the State Administration of Taxation [2021] No. 7" has been extended to 31 March 2022.

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENT ITEMS

### 1. Cash and bank balances

#### The Group

Items	31/12/2022	31/12/2021
Bank balances	428,400,859.37	813,440,006.85
Other monetary fund	5,615,461.98	4,908,472.70
<b>Total</b>	<b>434,016,321.35</b>	<b>818,348,479.55</b>

#### The Company

Items	31/12/2022	31/12/2021
Bank deposit	384,479,659.02	758,826,925.83
Other monetary fund	3,676.02	3,663.47
<b>TOTAL</b>	<b>384,483,335.04</b>	<b>758,830,589.30</b>

On 31 December 2022, the Group and the Company's restricted bank balances due to margin generated by business development were RMB 60,320,109.76 (31 December 2021: RMB 45,700,536.28); and due to contract disputes involved in litigation were RMB 35,581,292.58 (31 December 2021: none).

### 2. Financial investments

#### (1) Held-for-trading financial assets

#### The Group

Items	31/12/2022	31/12/2021
Distressed assets	285,595,199.27	426,780,172.15
Unlisted equities	30,770,378.69	30,770,378.69
Stock	3,800,028.57	17,882,986.54

Items	31/12/2022	31/12/2021
Private funds	125,633,436.94	127,668,887.72
Partnership enterprise	543,721,672.52	
Wealth management products	6,895,000.00	38,092,000.00
Trust plans	30,000,000.00	
<b>Total</b>	<b>1,026,415,715.99</b>	<b>641,194,425.10</b>

### The Company

Items	31/12/2022	31/12/2021
Distressed assets	224,086,824.02	365,320,469.27
Unlisted equities	13,200,000.00	13,200,000.00
Stock	3,631.07	3,631.07
Private funds	100,000,000.00	100,000,000.00
Partnership enterprise	40,320,275.26	
Trust plans	30,000,000.00	
<b>TOTAL</b>	<b>407,610,730.35</b>	<b>478,524,100.34</b>

## (2) Debt investments

### The Group

#### i. Details

Items	31/12/2022		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	172,015,609.72	12,371,904.44	159,643,705.28
Claims acquired from non-financial institutions	3,167,561,071.94	90,218,129.21	3,077,342,942.73
<b>Total</b>	<b>3,339,576,681.66</b>	<b>102,590,033.65</b>	<b>3,236,986,648.01</b>

Items	31/12/2021		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	156,337,935.32	427,308.55	155,910,626.77
Claims acquired from non-financial institutions	8,110,668,962.48	124,000,622.07	7,986,668,340.41
<b>Total</b>	<b>8,267,006,897.80</b>	<b>124,427,930.62</b>	<b>8,142,578,967.18</b>

ii. Provisions for impairment of debt investments

Provisions for impairment	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2022	2,977,793.43	120,356,250.52	1,093,886.67	124,427,930.62
--Transfer to the second stage	-238,394.89	238,394.89		
--Transfer to the third stage	-27,652.19	-1,055,545.87	1,083,198.06	
--Transfer back to the second stage				
--Transfer back to the first stage	111,068.48		-111,068.48	
Charge for the year	-1,385,393.40	-45,031,241.16	24,578,737.59	-21,837,896.97
31/12/2022	1,437,421.43	74,507,858.38	26,644,753.84	102,590,033.65

iii. Changes in book balance of debt investments

Book balance	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2022	1,370,739,181.59	6,879,037,050.21	17,230,666.00	8,267,006,897.80
--Transfer to the second stage	-115,033,103.07	115,033,103.07		
--Transfer to the third stage	-45,339,444.49	-23,700,022.82	69,039,467.31	
--Transfer back to the second stage				
--Transfer back to the first stage	6,239,166.67		-6,239,166.67	
Added	195,560,836.24	81,233,576.43		276,794,412.67
Termination	-578,997,048.17	-2,373,973,364.93	60,146,666.61	-2,892,823,746.49
Others	35,616,096.21	-2,344,563,004.11	-2,453,974.42	-2,311,400,882.32
31/12/2022	868,785,684.98	2,333,067,337.85	137,723,658.83	3,339,576,681.66

## The Company

### i. Details

Items	31/12/2022		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	164,494,644.39	12,360,954.55	152,133,689.84
Claims acquired from non-financial institutions	3,000,570,084.14	76,641,022.19	2,923,929,061.95
Total	3,165,064,728.53	89,001,976.74	3,076,062,751.79

Items	31/12/2021		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	156,337,935.32	427,308.55	155,910,626.77
Claims acquired from non-financial institutions	7,967,393,226.30	122,136,843.93	7,845,256,382.37
Total	8,123,731,161.62	122,564,152.48	8,001,167,009.14

The book value of the Group's investment in a major customer is RMB 1,432,380,185.50, accounting for 28.86% of the Group's net assets as of 31 December 2022, and 32.12% of the Company's net assets as of 31 December 2022; according to the "Supplement to the Asset Income Right Repurchase Agreement" signed by the Company and the customer, the customer does not need to pay the excess price as agreed in the original agreement, so the Company does not recognize revenue in 2022. (31 December 2021: the book value of a major customer investment was RMB 3,795,773,138.70, accounting for 72.01% of the Group's net assets as of 31 December 2021, and 78.37% of the Company's net assets as of 31 December 2021; the revenue due from the customer is RMB 424,685,534.60, accounting for 26.80% of the Group's operating revenue and 29.33% of the Company's operating revenue in 2021).

### ii. Provisions for impairment of debt investments

Provisions for impairment	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2022	2,711,064.79	119,553,611.17	299,476.52	122,564,152.48
--Transfer to the second stage	-231,372.00	231,372.00		

Provisions for impairment	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
--Transfer to the third stage		-252,906.52	252,906.52	
--Transfer back to the second stage				
--Transfer back to the first stage	111,068.48		-111,068.48	
Charge for the year	-1,209,759.94	-45,650,569.68	13,298,153.88	-33,562,175.74
31/12/2022	1,381,001.33	73,881,506.97	13,739,468.44	89,001,976.74

iii. Changes in book balance of debt investments

Book balance	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2022	1,233,794,112.09	6,879,037,050.21	10,899,999.32	8,123,731,161.62
--Transfer to the second stage	-110,019,353.07	110,019,353.07		
--Transfer to the third stage		-23,700,022.82	23,700,022.82	
--Transfer back to the second stage				
--Transfer back to the first stage	6,239,166.67		-6,239,166.67	
Added	172,242,687.58	62,604,409.76		234,847,097.34
Termination	-508,405,173.16	-2,373,973,364.93		-2,882,378,538.09
Others	35,616,096.21	-2,343,902,780.83	-2,848,307.72	-2,311,134,992.34
31/12/2022	829,467,536.32	2,310,084,644.46	25,512,547.75	3,165,064,728.53

3. Accounts receivable

The Group

Items	31/12/2022	31/12/2021
Consultant fees receivable	4,758,927.13	29,106,062.46
Rent receivable	19,782,242.08	7,133,770.88

Items	31/12/2022	31/12/2021
Total	24,541,169.21	36,239,833.34
Less: Provisions for bad debt		
Net amounts	24,541,169.21	36,239,833.34

#### The Company

Items	31/12/2022	31/12/2021
Consultant fees receivable	2,621,553.99	24,687,932.77
Total	2,621,553.99	24,687,932.77
Less: Provisions for bad debt		
Net amounts	2,621,553.99	24,687,932.77

#### Aging analysis of accounts receivable

##### The Group

Aging	31/12/2022				31/12/2021			
	Amount	Proportion	Provisions for bad debt	Net amounts	Amount	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	22,202,489.96	90.47%		22,202,489.96	36,239,833.34	100.00%		36,239,833.34
1 year to 2 years (inclusive)	2,338,679.25	9.53%		2,338,679.25				
Total	24,541,169.21	100.00%		24,541,169.21	36,239,833.34	100.00%		36,239,833.34

##### The Company

Aging	31/12/2022				31/12/2021			
	Amount	Proportion	Provisions for bad debt	Net amounts	Amount	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	282,874.74	10.79%		282,874.74	24,687,932.77	100.00%		24,687,932.77
1 year to 2 years (inclusive)	2,338,679.25	89.21%		2,338,679.25				
Total	2,621,553.99	100.00%		2,621,553.99	24,687,932.77	100.00%		24,687,932.77

#### 4. Long-term equity investments

##### The Group

##### (1) Details of long-term equity investment:

Invested companies	31/12/2022	31/12/2021
Joint ventures	1,398,135,532.69	647,753,550.29

Invested companies	31/12/2022	31/12/2021
Wuhu Yuding Enterprise Management Center (LLP)	622,587,488.54	
Tongling Zhifang Enterprise Management Center (LLP)	209,804,252.38	144,416,637.27
Huaibei Goho Jiantou Asset Management Co., Ltd.	132,306,536.94	144,329,160.69
Wuhu Chenghe Investment Management Center (LLP)	184,839,812.01	143,733,212.18
Wuhu Lucheng Enterprise Management Center (LLP)	60,000,000.00	60,000,000.00
Wuhu Liantai Investment Management Center (LLP)	50,120,622.28	50,560,628.18
Xuancheng Chengbei Asset Restructuring Partnership (LLP)	32,415,975.25	19,878,121.58
Wuhu Chuheng Investment Management Center (LLP)	29,972,487.76	29,891,617.33
Mingguang Goho Asset Management Co., Ltd.	16,241,420.86	16,880,807.12
Shandong Expressway Asset Management Co., Ltd.	14,455,116.46	13,838,948.89
Chizhou Goho Qingtong Asset Management Co., Ltd.	11,444,995.08	11,302,911.26
Others	33,946,825.13	12,921,505.79
<b>Associate Companies</b>	<b>5,402,546,510.64</b>	<b>1,127,869,709.06</b>
Shanghai Puchuang Equity Investment Co., Ltd.	4,383,778,114.80	
Chang An Property and Liability Insurance Ltd.	832,092,977.10	936,981,763.60
Anhui Credit Information Co., Ltd.	102,136,476.73	101,905,827.61
Suzhou Goho Chengtou Asset Management Co., Ltd.	25,663,511.73	23,689,237.24
Yuexi Goho Asset Management Co., Ltd.	21,559,000.12	22,071,785.31
Bozhou Goho Ancheng Asset Management Co., Ltd.	14,439,877.27	17,975,468.72
Beijing Dongfang Bohai Asset Management Co., Ltd.	8,279,921.16	8,963,855.10
Others	14,596,631.73	16,281,771.48
<b>Total</b>	<b>6,800,682,043.33</b>	<b>1,775,623,259.35</b>
Less: Provisions for impairment		
<b>Net amounts</b>	<b>6,800,682,043.33</b>	<b>1,775,623,259.35</b>

The Group adopts the equity method to account for the investment in the above-mentioned joint ventures and associate companies.

**(2) List of major joint ventures and associate companies:**

Joint ventures or associate companies	Place of incorporation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for investments in Joint ventures or Associate Companies	Strategic for the company's activities (Y/N)
				Direct	Indirect		
Joint ventures							
Tongling Zhifang Enterprise Management Center (LLP) (Note 2)	Tongling, Anhui	Tongling, Anhui	Investment Management Consulting	75.00	6.50	Equity method	Y
Huaibei Goho Jiantou Asset Management Co., Ltd.	Huaibei, Anhui	Huaibei, Anhui	Asset Management	49.00		Equity method	Y
Wuhu Chenghe Investment Management Center (LLP)	Wuhu, Anhui	Wuhu, Anhui	Asset Management	28.43	0.73	Equity method	Y
Wuhu Lucheng Enterprise Management Center (LLP)	Wuhu, Anhui	Wuhu, Anhui	Corporation Management Consulting	29.27	2.44	Equity method	Y
Wuhu Liantai Investment Management Center (LLP) (Note 2)	Wuhu, Anhui	Wuhu, Anhui	Investment Management Consulting	7.14		Equity method	Y
Wuhu Chuheng Investment Management Center (LLP) (Note 2)	Wuhu, Anhui	Wuhu, Anhui	Investment Management Consulting	8.00		Equity method	Y
Xuancheng Chengbei Asset Restructuring Partnership (LLP)	Xuancheng, Anhui	Xuancheng, Anhui	Investment Management Consulting	49.00		Equity method	Y
Mingguang Goho Asset Management Co., Ltd.	Mingguang, Anhui	Mingguang, Anhui	Asset Management	49.00		Equity method	Y
Shandong Expressway Asset Management Co., Ltd.	Chongming, Shanghai	Chongming, Shanghai	Asset Management	30.00		Equity method	Y

Joint ventures or associate companies	Place of incorporation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for investments in Joint ventures or Associate Companies	Strategic for the company's activities (Y/N)
				Direct	Indirect		
Chizhou Goho Qingtong Asset Management Co., Ltd.	Chizhou, Anhui	Chizhou, Anhui	Asset Management	33.33		Equity method	Y
Wuhu Yuding Enterprise Management Center (LLP)	Wuhu, Anhui	Wuhu, Anhui	Corporation Management Consulting	39.74		Equity method	Y
Associate Companies							
Chang An Property and Liability Insurance Ltd. (Note 4)	Bengbu, Anhui	Bengbu, Anhui	Insurance	31.68		Equity method	Y
Anhui Credit Information Co., Ltd. (Note 3)	Hefei, Anhui	Hefei, Anhui	Credit	19.80		Equity method	Y
Suzhou Goho Chengtong Asset Management Co., Ltd.	Suzhou, Anhui	Suzhou, Anhui	Asset Management	40.00		Equity method	Y
Yuexi Goho Asset Management Co., Ltd.	Anqing, Anhui	Anqing, Anhui	Asset Management	20.00		Equity method	Y
Bozhou Goho Ancheng Asset Management Co., Ltd.	Bozhou, Anhui	Bozhou, Anhui	Asset Management	45.00		Equity method	Y
Beijing Dongfang Bohai Asset Management Co., Ltd.	Beijing	Beijing	Asset Management	20.00		Equity method	Y
Shanghai Puchuang Equity Investment Co., Ltd. (Note 5)	Pudong New Area, Shanghai	Pudong New Area, Shanghai	Corporation Management Consulting	43.51	6.00	Equity method	Y

Note 1: The Group participates in the operating decisions of the joint ventures, and can form a joint control with other shareholders over the financial and operating decisions of the invested companies, so they are accounted for as joint ventures using the equity method.

Note 2: The Group holds more than 50% or less than 20% of the shares of some partnership enterprises, but according to the partnership agreement, the partner meeting is composed of all partners, and the principle of one partner one vote, and any resolution of the partner meeting must be agreed upon by all partners unanimously. The functions and powers of the partner meeting include investment decision-making, profit distribution and other matters. Therefore, the Group and other investors form joint control over these partnership enterprises.

Note 3: The Group holds 19.80% of the equity of Anhui Credit Information Co., Ltd. ("Anhui Credit Information"). Although the ratio is lower than 20%, because the Group's assignment of directors to the board of directors of Anhui Credit Information can have a significant impact on the financial and operating decisions of Anhui Credit Information, it is accounted for as an associate using the equity method.

Note 4: Chang An Property and Liability Insurance Ltd. is in accordance with the "On Revising and Issuing Accounting Standards for Business Enterprises No. 25 - Notice on Insurance Contracts" (Cai Kuai [2020] No. 20), suspending the implementation of accounting standards related to new financial instruments.

Note 5: According to the "Supplementary Agreement II to the Equity Transfer Agreement" signed on April 23, 2023, the 43.505% equity of Shanghai Puchuang Enterprise Management Consulting Co., Ltd. acquired by the Company due to the initial payment has been registered in Wuhu Yuding Enterprise Management Center (LLP). Anhui Guohou Capital Holding Co., Ltd., a subsidiary of the Group, added capital to Wuhu Yuding Enterprise Management Center (LLP) on April 12, 2023, and the shareholding ratio after the capital increase is 99.80%.

**(3) Main financial information of important associates company:**

Chang An Property and Liability Insurance Ltd.

Items	31/12/2022	31/12/2021
Net Assets	378,789,216.95	709,877,558.15
Share of net assets by shareholding ratio	120,000,423.92	224,889,210.42
Adjustments	712,092,553.18	712,092,553.18
Of which: Goodwill	712,092,553.18	712,092,553.18
Book value of investment in Chang An Property and Liability Insurance Ltd.	832,092,977.10	936,981,763.60

Items	2022	2021
Operating revenue	2,621,816,894.93	2,908,436,300.39
Net loss attributable to the parent company	-466,631,398.19	-112,062,588.52
Other comprehensive income attributable to the parent company	135,543,056.99	65,504,673.84
Total comprehensive income attributable to the parent company	-331,088,341.20	-46,557,914.68
Dividends received from associate		

Shanghai Puchuang Equity Investment Co., Ltd.

Items	31/12/2022
Net Assets	1,359,037,384.22
Share of net assets by shareholding ratio	672,791,457.06
Adjustments	4,333,574,146.28
Of which: Goodwill	607,777,661.91
Book value of investment in Shanghai Puchuang Equity Investment Co., Ltd.	5,006,365,603.34

Items	2022
Operating revenue	
Net profits	376,458,142.29
Other comprehensive income	
Total comprehensive income	376,458,142.29
Dividends received from associate	

**(4) Summary information of insignificant joint ventures and associates companies:**

Items	31/12/2022	31/12/2021
Total book value of investments	962,223,462.89	838,641,495.75

The total amount based on shareholding ratio

Items	2022	2021
Net profits	137,189,280.90	92,726,039.92
Total comprehensive income	137,189,280.90	92,726,039.92

The Company

Invested companies	31/12/2022	31/12/2021
Subsidiaries	2,501,666,678.52	2,391,264,281.26
Joint ventures	451,749,418.27	352,969,198.66
Tongling Zhifang Enterprise Management Center (LLP)	181,905,773.82	124,992,312.29
Wuhu Chenghe Investment Management Center (LLP)	178,317,628.02	137,211,028.19
Wuhu Lucheng Enterprise Management Center (LLP)	60,000,000.00	60,000,000.00
Shandong Expressway Asset Management Co., Ltd.	14,455,116.46	13,838,948.89
Chizhou Goho Qingtong Asset Management Co., Ltd.	11,444,995.08	11,302,911.26
Suzhou Rongqi Enterprise Service Management Center (LLP)	4,999,144.07	4,999,163.25
Dangtu County Goho Asset Management Co., Ltd.	291,583.69	289,657.65
Changzhou Changren Business Information Consulting Co., Ltd.	335,177.13	335,177.13
Associate Companies	5,366,466,734.56	1,092,096,954.60
Shanghai Puchuang Equity Investment Co., Ltd.	4,383,778,114.80	
Chang An Property and Liability Insurance Ltd.	832,092,977.10	936,981,763.60
Anhui Credit Information Co., Ltd.	102,136,476.73	101,905,827.61
Yuexi Goho Asset Management Co., Ltd.	21,559,000.12	22,071,785.31
Bozhou Goho Ancheng Asset Management Co., Ltd.	14,439,877.27	17,975,468.72
Beijing Dongfang Bohai Asset Management Co., Ltd.	8,279,921.16	8,963,855.10
Lixin County Goho Asset Management Co., Ltd.	4,180,367.38	4,198,254.26
Total	8,319,882,831.35	3,836,330,434.52
Less: Provisions for impairment		
Net amounts	8,319,882,831.35	3,836,330,434.52

## 5. Investment properties

### (1) Investment properties using the cost measurement model

#### The Group

Items	Buildings	Land use rights	Total
i. Original book value			
(i)31/12/2021	776,344,645.84		776,344,645.84
(ii)Added in this period	29,816,757.67	10,515,815.59	40,332,573.26
—Additions	29,816,757.67	10,515,815.59	40,332,573.26
(iii)Decrease in this period	5,593,824.29		5,593,824.29
—Others	5,593,824.29		5,593,824.29
(iv)31/12/2022	800,567,579.22	10,515,815.59	811,083,394.81

Items	Buildings	Land use rights	Total
ii. Accumulated depreciation and accumulated amortization			
(i)31/12/2021	97,686,498.25		97,686,498.25
(ii)Added in this period	30,010,556.95	292,106.03	30,302,662.98
—Accrual or amortization	30,010,556.95	292,106.03	30,302,662.98
(iii)Decrease in this period	261,064.75		261,064.75
—Others	261,064.75		261,064.75
(iv)31/12/2022	127,435,990.45	292,106.03	127,728,096.48
iii. Provisions for impairment			
(i)31/12/2021			
(ii)Added in this period			
(iii)Decrease in this period			
(iv)31/12/2022			
iv. Book value			
(i) Book value of 31/12/2022	673,131,588.77	10,223,709.56	683,355,298.33
(ii) Book value of 31/12/2021	678,658,147.59		678,658,147.59
Net amount of pledged assets on 31/12/2021	581,008,549.37		581,008,549.37
Net amount of pledged assets on 31/12/2022	555,273,394.93		555,273,394.93

## 6. Fixed assets

### The Group

Items	Buildings	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
i. Original book value					
(i)31/12/2021	97,133,179.68	3,655,756.77	5,068,338.94	2,283,836.94	108,141,112.33
(ii)Added in this period		61,254.92	856,637.17	58,712.27	976,604.36
—Additions		61,254.92	856,637.17	58,712.27	976,604.36
(iii)Decrease in this period		71,573.00		19,650.00	91,223.00
—Disposal or Scrap		71,573.00		19,650.00	91,223.00
(iv)31/12/2022	97,133,179.68	3,645,438.69	5,924,976.11	2,322,899.21	109,026,493.69
ii. Accumulated depreciation					
(i)31/12/2021	12,918,712.90	2,761,510.09	4,379,626.90	1,742,015.60	21,801,865.49

Items	Buildings	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
(ii) Added in this period	3,691,060.83	449,445.53	500,656.31	260,516.09	4,901,678.76
—Accrual	3,691,060.83	449,445.53	500,656.31	260,516.09	4,901,678.76
(iii) Decrease in this period		67,994.35		18,501.34	86,495.69
—Disposal or Scrap		67,994.35		18,501.34	86,495.69
(iv) 31/12/2022	16,609,773.73	3,142,961.27	4,880,283.21	1,984,030.35	26,617,048.56
iii. Provisions for impairment					
(i) 31/12/2021					
(ii) Added in this period					
(iii) Decrease in this period					
(iv) 31/12/2022					
iv. Book value					
(i) Book value of 31/12/2022	80,523,405.95	502,477.42	1,044,692.90	338,868.86	82,409,445.13
(ii) Book value of 31/12/2021	84,214,466.78	894,246.68	688,712.04	541,821.34	86,339,246.84
Net amount of pledged assets on 31/12/2021	84,214,466.78				84,214,466.78
Net amount of pledged assets on 31/12/2022	80,523,405.95				80,523,405.95

As at 31 December 2022 and 31 December 2021, the Group found no signs of impairment of fixed assets, and no provision for impairment was made.

#### The Company

Items	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
i. Original book value				
(i) 31/12/2021	2,310,526.87	3,650,882.71	1,722,849.60	7,684,259.18
(ii) Added in this period	9,261.28		8,100.00	17,361.28
—Additions	9,261.28		8,100.00	17,361.28
(iii) Decrease in this period	71,573.00			71,573.00
—Disposal or Scrap	71,573.00			71,573.00
(iv) 31/12/2022	2,248,215.15	3,650,882.71	1,730,949.60	7,630,047.46

Items	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
ii. Accumulated depreciation				
(i)31/12/2021	1,657,344.93	3,313,829.31	1,425,126.37	6,396,300.61
(ii)Added in this period	319,624.24	71,378.99	166,845.71	557,848.94
—Accrual	319,624.24	71,378.99	166,845.71	557,848.94
(iii)Decrease in this period	67,994.35			67,994.35
—Disposal or Scrap	67,994.35			67,994.35
(iv)31/12/2022	1,908,974.82	3,385,208.30	1,591,972.08	6,886,155.20
iii. Provisions for impairment				
(i)31/12/2021				
(ii)Added in this period				
(iii)Decrease in this period				
(iv)31/12/2022				
iv. Book value				
(i) Book value of 31/12/2022	339,240.33	265,674.41	138,977.52	743,892.26
(ii) Book value of 31/12/2021	653,181.94	337,053.40	297,723.23	1,287,958.57
Net amount of pledged assets on 31/12/2021				
Net amount of pledged assets on 31/12/2022				

As at 31 December 2022 and 31 December 2021, the Company's fixed assets are not used for mortgage or guarantee, and the use is not restricted.

As at 31 December 2022 and 31 December 2021, the Company found no signs of impairment of fixed assets, and no provision for impairment was made.

## 7. Right-of-use assets

### The Group

Items	Buildings	Total
i. Original book value		
(i)1/1/2022	34,000,845.03	34,000,845.03
(ii)Added in this period	28,331,814.92	28,331,814.92
—Additions	28,331,814.92	28,331,814.92
(iii)Decrease in this period	16,815,037.29	16,815,037.29
—Disposal	16,779,032.77	16,779,032.77
—Rent reduction	36,004.52	36,004.52
(iv)31/12/2022	45,517,622.66	45,517,622.66

Items	Buildings	Total
ii. Accumulated depreciation		
(i) 1/1/2022	19,666,591.27	19,666,591.27
(ii) Added in this period	11,834,132.40	11,834,132.40
—Accrual	11,834,132.40	11,834,132.40
(iii) Decrease in this period	16,779,032.77	16,779,032.77
—Disposal	16,779,032.77	16,779,032.77
(iv) 31/12/2022	14,721,690.90	14,721,690.90
iii. Provisions for impairment		
(i) 1/1/2022		
(ii) Added in this period		
(iii) Decrease in this period		
(iv) 31/12/2022		
iv. Book value		
(i) Book value of 31/12/2022	30,795,931.76	30,795,931.76
(ii) Book value of 1/1/2022	14,334,253.76	14,334,253.76

#### The Company

Items	Buildings	Total
i. Original book value		
(i) 1/1/2022	28,050,818.93	28,050,818.93
(ii) Added in this period	25,612,080.91	25,612,080.91
—Additions	25,612,080.91	25,612,080.91
(iii) Decrease in this period	15,314,979.17	15,314,979.17
—Disposal	15,314,979.17	15,314,979.17
(iv) 31/12/2022	38,347,920.67	38,347,920.67
ii. Accumulated depreciation		
(i) 1/1/2022	15,534,388.90	15,534,388.90
(ii) Added in this period	8,333,883.41	8,333,883.41
—Accrual	8,333,883.41	8,333,883.41
(iii) Decrease in this period	15,314,979.17	15,314,979.17
—Disposal	15,314,979.17	15,314,979.17
(iv) 31/12/2022	8,553,293.14	8,553,293.14
iii. Provisions for impairment		
(i) 1/1/2022		
(ii) Added in this period		

Items	Buildings	Total
(iii) Decrease in this period		
(iv) 31/12/2022		
iv. Book value		
(i) Book value of 31/12/2022	29,794,627.53	29,794,627.53
(ii) Book value of 1/1/2022	12,516,430.03	12,516,430.03

## 8. Intangible assets

### The Group

Items	Software license	Total
i. Original book value		
(i) 31/12/2021	4,543,953.44	4,543,953.44
(ii) Added in this period	714,265.42	714,265.42
— Additions	714,265.42	714,265.42
(iii) Decrease in this period		
— Disposal		
(iv) 31/12/2022	5,258,218.86	5,258,218.86
ii. Accumulated depreciation		
(i) 31/12/2021	1,567,500.94	1,567,500.94
(ii) Added in this period	463,487.77	463,487.77
— Accrual	463,487.77	463,487.77
(iii) Decrease in this period		
— Disposal		
(iv) 31/12/2022	2,030,988.71	2,030,988.71
iii. Provisions for impairment		
(i) 31/12/2021		
(ii) Added in this period		
(iii) Decrease in this period		
(iv) 31/12/2022		
iv. Book value		
(i) Book value of 31/12/2022	3,227,230.15	3,227,230.15
(ii) Book value of 31/12/2021	2,976,452.50	2,976,452.50

### The Company

Items	Software license	Total
i. Original book value		

Items	Software license	Total
(i)31/12/2021	2,317,161.36	2,317,161.36
(ii)Added in this period	326,886.78	326,886.78
—Additions	326,886.78	326,886.78
(iii)Decrease in this period		
—Disposal		
(iv)31/12/2022	2,644,048.14	2,644,048.14
ii. Accumulated depreciation		
(i)31/12/2021	682,655.79	682,655.79
(ii)Added in this period	234,440.21	234,440.21
—Accrual	234,440.21	234,440.21
(iii)Decrease in this period		
—Disposal		
(iv)31/12/2022	917,096.00	917,096.00
iii. Provisions for impairment		
(i)31/12/2021		
(ii)Added in this period		
(iii)Decrease in this period		
(iv)31/12/2022		
iv. Book value		
(i) Book value of 31/12/2022	1,726,952.14	1,726,952.14
(ii) Book value of 31/12/2021	1,634,505.57	1,634,505.57

As at 31 December 2022 and 31 December 2021, the Group and the Company's intangible assets are not used for mortgage or guarantee, and the use is not restricted.

As at 31 December 2022 and 31 December 2021, the Group and the Company found no signs of impairment of intangible assets, and no provision for impairment was made.

## 9. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets before offsetting

The Group

Items	31/12/2022		31/12/2021	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provisions for impairment	156,764,006.84	38,438,773.18	150,372,047.68	37,472,796.98

Items	31/12/2022		31/12/2021	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Changes in fair value of held-for-trading financial assets	78,656,814.66	19,664,203.68	8,233,078.66	2,058,269.67
Total	235,420,821.50	58,102,976.86	158,605,126.34	39,531,066.65

#### The Company

Items	31/12/2022		31/12/2021	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provisions for impairment	143,137,028.26	35,784,257.07	148,116,922.84	37,029,230.72
Changes in fair value of held-for-trading financial assets	65,603,172.42	16,400,793.12	43,039.50	10,759.88
Total	208,740,200.68	52,185,050.19	148,159,962.34	37,039,990.60

## (2) Deferred tax liabilities before offsetting

#### The Group

Items	31/12/2022		31/12/2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of held-for-trading financial assets	87,075,371.53	21,768,842.88	87,302,695.56	21,825,673.89
Total	87,075,371.53	21,768,842.88	87,302,695.56	21,825,673.89

#### The Company

Items	31/12/2022		31/12/2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of held-for-trading financial assets	75,919,922.24	18,979,980.56	75,919,922.24	18,979,980.56
Total	75,919,922.24	18,979,980.56	75,919,922.24	18,979,980.56

## (3) Deferred tax assets or liabilities after offsetting

#### The Group

Items	31/12/2022	31/12/2021
	Balance of deferred tax assets or liabilities after offsetting	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	39,122,996.30	20,532,046.93
Deferred tax liabilities	2,788,862.32	2,826,654.17

#### The Company

Items	31/12/2022	31/12/2021
	Balance of deferred tax assets or liabilities after offsetting	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	33,205,069.63	18,060,010.04
Deferred tax liabilities		

### 10. Other assets

#### The Group

Items	31/12/2022	31/12/2021
Fund lending	338,040,005.11	554,504,952.37
Other accounts receivables	45,030,909.78	442,809,028.33
Prepayments	153,275,991.45	210,135,086.23
Input tax to be deducted	17,405,129.56	34,335,050.38
Others	3,164,441.85	5,442,978.05
<b>Total</b>	<b>556,916,477.75</b>	<b>1,247,227,095.36</b>
Less: Provisions for bad debt	59,901,471.95	25,944,117.06
<b>Net amounts</b>	<b>497,015,005.80</b>	<b>1,221,282,978.30</b>

As at 31 December 2022, the Group's fund lending interest rate is from 6.5% to 15%, and the lending term is from 1 year to 5 years (31 December 2021: the Group's fund lending interest rate is from 3.85% to 15%, and the lending term is from 1 year to 2.85 years).

#### The Company

Items	31/12/2022	31/12/2021
Fund lending	74,300,000.00	303,722,988.82
Other accounts receivables	32,730,731.28	400,758,459.43
Prepayments	155,897,291.37	205,699,766.96
Accounts receivable from subsidiaries	311,216,232.04	18,408,866.84
Dividends receivable		1,643,577.77

Items	31/12/2022	31/12/2021
Others	34,472.32	74,612.12
<b>Total</b>	<b>574,178,727.01</b>	<b>930,308,271.94</b>
Less: Provisions for bad debt	54,135,051.52	25,552,770.36
<b>Net amounts</b>	<b>520,043,675.49</b>	<b>904,755,501.58</b>

As at 31 December 2022, the Company's fund lending interest rate is from 9% to 10%, and the lending term is from 1 year to 5 years (31 December 2021: the Company's fund lending interest rate is from 3.85% to 10%, and the lending term is from 1 year to 1.56 years).

#### Aging analysis of other receivables

##### The Group

Aging	31/12/2022				31/12/2021			
	Amounts	Proportion	Provisions for bad debt	Net amounts	Amounts	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	14,340,921.25	31.85%		14,340,921.25	398,236,541.72	89.93%		398,236,541.72
1-2 years (inclusive)	15,160,596.85	33.67%		15,160,596.85	38,177,715.04	8.62%		38,177,715.04
2-3 years (inclusive)	10,005,702.50	22.22%		10,005,702.50	4,505,355.17	1.02%		4,505,355.17
Over 3 years	5,523,689.18	12.26%		5,523,689.18	1,889,416.40	0.43%		1,889,416.40
<b>Total</b>	<b>45,030,909.78</b>	<b>100.00%</b>		<b>45,030,909.78</b>	<b>442,809,028.33</b>	<b>100.00%</b>		<b>442,809,028.33</b>

##### The Company

Aging	31/12/2022				31/12/2021			
	Amounts	Proportion	Provisions for bad debt	Net amounts	Amounts	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	4,623,168.28	14.13%		4,623,168.28	386,965,043.03	96.56%		386,965,043.03
1-2 years (inclusive)	15,149,184.90	46.28%		15,149,184.90	10,000,000.00	2.50%		10,000,000.00
2-3 years (inclusive)	10,000,000.00	30.55%		10,000,000.00	2,004,000.00	0.50%		2,004,000.00
Over 3 years	2,958,378.10	9.04%		2,958,378.10	1,789,416.40	0.44%		1,789,416.40
<b>Total</b>	<b>32,730,731.28</b>	<b>100.00%</b>		<b>32,730,731.28</b>	<b>400,758,459.43</b>	<b>100.00%</b>		<b>400,758,459.43</b>

The Group and the Company's other accounts receivables within one year are mainly project deposits and current accounts of external units; other accounts receivables over one year are

mainly project deposits, no sign of impairment was found, and no impairment provision was made.

## 11. Provision for impairment of assets

### The Group

Items	31/12/2021	Accrual	Write-off and others	31/12/2022
Provision for impairment of fund lending	25,944,117.06	33,957,354.89		59,901,471.95
Provision for impairment of debt investments	124,427,930.62	-21,837,896.97		102,590,033.65
Total	150,372,047.68	12,119,457.92		162,491,505.60

### The Company

Items	31/12/2021	Accrual	Write-off and others	31/12/2022
Provision for impairment of fund lending	25,552,770.36	28,582,281.16		54,135,051.52
Provision for impairment of debt investments	122,564,152.48	-33,562,175.74		89,001,976.74
Total	148,116,922.84	-4,979,894.58		143,137,028.26

## 12. Restricted ownership of assets

### (1) At balance sheet date, the book value of assets used as collateral for long-term borrowings and long-term payables:

#### The Group and the Company

Items	31/12/2022	31/12/2021
Long-term borrowings-Mortgage loan	1,001,162,500.06	1,001,162,500.03
Long-term borrowings-Pledged loan	125,397,237.26	200,666,666.67
Long-term payables	196,944,602.74	200,832,482.25
Sub-total	1,323,504,340.06	1,402,661,648.95
Sub-total of book value of mortgaged assets	625,166,436.43	653,823,040.53
-Fixed assets	80,523,405.95	84,214,466.78
-Investment properties	544,643,030.48	569,608,573.75

For details of the above mortgage and pledged loans, please refer to Note V.19.

In October 2019, the Company used the property on the 31st to 48th floor of the Australia-China Wealth Center Phase I belong to Anhui Fengzhi Housing Leasing Co., Ltd., which is the subsidiary of the Company, as collateral for the above long-term payables; in addition, in October 2019, the Company used 20% of the equity and the fruits generated during the pledge

period of Anhui Goho Capital Holding Co., Ltd., which is the subsidiary of the Company, as collateral for the above long-term payables.

**(2) At balance sheet date, the book value of assets used as collateral for short-term borrowings:**

The Group

Items	31/12/2022	31/12/2021
Short-term borrowings-Mortgage loan	5,022,500.00	
Sub-total of book value of mortgaged assets	10,630,364.45	
-Investment properties	10,630,364.45	

For details of the above mortgage loans, please refer to Note V.13.

**(3) On 31 December 2022 and 31 December 2021, the restricted cash and bank balances of the Group and the Company is shown in Note V. 1.**

**(4) On 31 December 2022 and 31 December 2021, the pledged assets of the Group and the Company used for financial assets sold under repurchase agreements, please refer to Note V. 44.**

**13. Short-term borrowings**

The Group

Types	31/12/2022	31/12/2021
Unsecured loans	58,048,333.33	75,125,000.00
Mortgage and guaranteed loan	122,247,468.06	275,677,083.33
Mortgage loan	5,022,500.00	
Guaranteed loan	75,187,110.43	105,238,827.10
Total	260,505,411.82	456,040,910.43
Borrowing institution		
Bank	255,482,911.82	456,040,910.43
Non-financial institutions	5,022,500.00	
Total	260,505,411.82	456,040,910.43

The Company

Types	31/12/2022	31/12/2021
Unsecured loans	58,048,333.33	75,125,000.00
Mortgage and guaranteed loan	122,247,468.06	275,677,083.33
Total	180,295,801.39	350,802,083.33
Borrowing institution		
Bank	180,295,801.39	350,802,083.33

Types	31/12/2022	31/12/2021
Non-financial institutions		
Total	180,295,801.39	350,802,083.33

On 31 December 2022, the mortgage and guaranteed loan of RMB 122 million of the Group and the Company was mortgaged by 14,634.03 square meters of the property of the Australia-China Wealth Center Phase I held by the third party of Australia-China Fortune (Hefei) Investment and Real Estate Co., Ltd., and guaranteed by the related natural person Li Shuangquan and the actual controller Li Houwen.

On December 31, 2022, the mortgage loan of RMB 5 million of the Group's subsidiary Anhui Fengzhi Housing Leasing Co., Ltd. was mortgaged by Room 1605, Room 1502, Room 1405, Room 1104, and Room 1003, Building B4, Rose City, No. 99 Feihe Road, Baohe District.

On 31 December 2022, the guaranteed loan of RMB 75 million of the Group's subsidiary Tongling Goho Tianyuan Asset Management Co., Ltd. (hereinafter referred to as "Tongling Goho") was guaranteed by the Company.

On 31 December 2021, the mortgage and guaranteed loan of RMB 125 million of the Group and the Company was mortgaged by 14,634.03 square meters of the property of the Australia-China Wealth Center Phase I held by the third party of Australia-China Fortune (Hefei) Investment and Real Estate Co., Ltd., and guaranteed by the related natural person Li Shuangquan and the actual controller Li Houwen. The mortgage and guaranteed loan of RMB 150 million of the Group and the Company was mortgaged by property of No. 13, Building 25, Phase 9, Jingshan Garden and No. 9-30A, Building 3, Hongshu West Garden, and guaranteed by the third party individual and the actual controller Li Houwen.

On 31 December 2021, the guaranteed loan of RMB 85 million of the Group's subsidiary Tongling Goho was guaranteed by the Company; the guaranteed loan of RMB 20 million of Tongling Goho was guaranteed by the third party Tongling Credit Financing Guarantee Group Co., Ltd. At the same time, Tongling Goho provided counter guarantee to the above third party guarantor with property of building 19, Jiangnan Cultural Park (Italian style street), Wusong Town, Yi'an District, Tongling City; the Company provided counter guarantee to the above third party guarantor with the equity of Tongling Goho (pledge amount is RMB 6.5 million) and its fruits.

#### 14. Financial assets sold under repurchase agreements

##### The Group

Items	31/12/2022	31/12/2021
Creditor's rights	324,049,023.28	354,182,975.29
Total	324,049,023.28	354,182,975.29

##### The Company

Items	31/12/2022	31/12/2021
Creditor's rights	316,749,023.28	346,682,975.29

Items	31/12/2022	31/12/2021
Total	316,749,023.28	346,682,975.29

## 15. Contract liabilities

### The Group

Items	31/12/2022	31/12/2021
Project deferred income	167,307,365.92	269,783,689.24
Others	7,035,630.19	21,439,400.37
Total	174,342,996.11	291,223,089.61

### The Company

Items	31/12/2022	31/12/2021
Project deferred income	143,705,661.17	235,853,176.40
Others	7,035,630.19	21,439,400.37
Total	150,741,291.36	257,292,576.77

## 16. Employee benefits payable

### The Group

Items	31/12/2021	Increase	Decrease	31/12/2022
Salaries and bonuses	30,704,881.35	82,577,448.04	109,606,441.34	3,675,888.05
Social insurance fee	31,510.06	3,113,256.51	3,139,467.52	5,299.05
Defined benefits plans (Note)	68,643.26	6,570,514.46	6,618,160.29	20,997.43
Housing fund	53,473.36	4,242,055.07	4,257,642.00	37,886.43
Employee welfare		2,432,671.78	2,432,671.78	
Labour union expenditure	5,529.92	101,923.38	102,282.70	5,170.60
Dismissal benefits		150,846.10	150,846.10	
Total	30,864,037.95	99,188,715.34	126,307,511.73	3,745,241.56

Note: The Group participates in pension insurance and unemployment insurance plans established by government agencies as required. According to these plans, the Group will pay 16% and 0.5% of the average monthly salary of the previous year to these plans in 2022. Except for the above fees, the Group will not undertake any further payment obligations. Corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

### The Company

Items	31/12/2021	Increase	Decrease	31/12/2022
Salaries and bonuses	20,960,256.50	41,776,439.62	61,131,273.46	1,605,422.66
Social insurance fee		1,438,364.35	1,438,364.35	

Items	31/12/2021	Increase	Decrease	31/12/2022
Defined benefits plans (Note)		3,071,148.16	3,071,148.16	
Housing fund		1,951,977.20	1,951,977.20	
Employee welfare		1,729,407.11	1,729,407.11	
Labour union expenditure	500.00	74,372.53	74,372.53	500.00
<b>Total</b>	<b>20,960,756.50</b>	<b>50,041,708.97</b>	<b>69,396,542.81</b>	<b>1,605,922.66</b>

Note: The Company participates in pension insurance and unemployment insurance plans established by government agencies as required. According to these plans, the Company will pay 16% and 0.5% of the average monthly salary of the previous year to these plans in 2022. Except for the above fees, the Company will not undertake any further payment obligations. Corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

## 17. Taxes payable

### The Group

Items	31/12/2022	31/12/2021
Enterprise income tax	50,445,686.61	128,027,416.87
VAT	2,382,500.56	29,509,696.17
City maintenance and construction tax	153,782.14	2,057,362.25
Educational surcharge	67,829.09	884,163.87
Local education surcharge	45,219.38	589,442.59
Water conservancy funds	17,384.54	294,216.38
Others	996,885.91	1,458,840.49
<b>Total</b>	<b>54,109,288.23</b>	<b>162,821,138.62</b>

### The Company

Items	31/12/2022	31/12/2021
Enterprise income tax	36,927,720.59	117,969,101.53
VAT	1,234,423.65	27,366,227.47
City maintenance and construction tax	86,409.66	1,915,635.92
Educational surcharge	37,032.71	820,986.82
Local education surcharge	24,688.47	547,324.55
Water conservancy funds	9,747.13	279,005.42
Others	223,520.33	368,079.46
<b>Total</b>	<b>38,543,542.54</b>	<b>149,266,361.17</b>

## 18. Bonds payable

### The Group

Items	31/12/2021	Issued this period	Interest is accrued at face value	Repay this period	Foreign currency translation difference	31/12/2022
Corporate bonds (Note 1)	2,391,400,939.30	1,223,000,000.00	174,404,324.99	1,138,858,678.00	110,757,430.74	2,760,704,017.03
Debt financing instruments (Note 2)	907,518,467.18		67,222,290.65	60,000,000.00		914,740,757.83
Total	3,298,919,406.48	1,223,000,000.00	241,626,615.64	1,198,858,678.00	110,757,430.74	3,675,444,774.86
Less: Bonds payable due within 1 year						1,526,890,607.62
Bonds payable due in 1 year	3,298,919,406.48					2,148,554,167.24

### The Company

Items	31/12/2021	Issued this period	Interest is accrued at face value	Repay this period	Foreign currency translation difference	31/12/2022
Corporate bonds (Note 1)	1,194,267,277.44	1,223,000,000.00	88,676,308.88	1,058,280,000.00		1,447,663,586.32
Debt financing instruments (Note 2)	907,518,467.18		67,222,290.65	60,000,000.00		914,740,757.83
Total	2,101,785,744.62	1,223,000,000.00	155,898,599.53	1,118,280,000.00		2,362,404,344.15
Less: Bonds payable due within 1 year						914,740,757.83
Bonds payable due in 1 year	2,101,785,744.62					1,447,663,586.32

As at 31 December 2022 and 31 December 2021, neither the Group nor the Company had defaulted bonds.

Note 1:

(i) In May 2018, the Company issued a non-public offering of bonds with a total face value of RMB 1 billion with a fixed coupon rate of 7.5% for a period of 5 years, at the end of the second year and the fourth year, the issuer has the option to adjust the coupon rate and the investor has the option to sell it back. The interest is paid annually. In 2020, the principal of RMB 250 million has been repaid, and in 2022, the principal of RMB 750 million has been repaid.

(ii) In June 2019, the Company issued 3+2 years fixed-rate unsecured bonds. At the end of the third year, the issuer has the right to raise the coupon rate and investors have the option to sell it back. The issuing scale is RMB 400 million, the starting date is June 27, 2019, the coupon rate is 7.00%, and the interest is paid once a year. In 2022, the principal of RMB 221 million has been repaid.

(iii) In May 2022, the Company issued a non-public offering of bonds with a total face value of RMB 1.223 billion with a fixed coupon rate of 6% for a period of 5 years, at the end of the second year, the third year and the fourth year, the investor has the option to sell it back. The interest is paid annually.

(iv) In March 2021, New Momentum International Limited, a subsidiary of the Group, issued bonds of US\$100 million with a term of 3 years and a coupon rate of 4.50%. Interest is paid on March 31 and September 30 each year. Bank of Jiujiang Co., Ltd. provided a standby letter of credit for this issuance for credit enhancement, and the Company provided guarantee for the issuance of the above-mentioned bonds.

(v) In June 2021, New Momentum International Limited, a subsidiary of the Group, issued bonds of US\$88 million with a term of 2 years and a coupon rate of 8.50%. Interest is paid on June 30 and December 31 each year. The Company provided guarantee for the issuance of the above-mentioned bonds.

Note 2:

(i) In August 2018, the Company issued non-public issuance of directional debt financing instruments (Phase 1) with a total face value of RMB 500 million for 3+2 years, with a fixed coupon rate of 6.40%, and interest is paid once a year. At the end of the third year after the issuance, investors have the option to sell it back.

(ii) In September 2018, the Company issued non-public issuance of directional debt financing instruments (Phase 2) with a total face value of RMB 500 million for 3+2 years, with a fixed coupon rate of 7%, and interest is paid once a year. At the end of the third year after the issuance, investors have the option to sell it back, and the Company has repurchased of 100 million in September 2021.

## 19. Long-term borrowings

The Group			
	Types	31/12/2022	31/12/2021
	Guaranteed loan	581,347,791.77	539,351,629.29
	Mortgage loan	1,001,162,500.06	1,001,162,500.03
	Pledged loan	125,397,237.26	200,666,666.67
	Total	1,707,907,529.09	1,741,180,795.99

Types	31/12/2022	31/12/2021
Less: Long-term borrowings due within 1 year	51,534,625.45	151,689,110.42
Of which: Guaranteed loan	1,030,588.19	1,022,443.75
Pledged loan	50,504,037.26	150,666,666.67
Long-term borrowings due over 1 year	1,656,372,903.64	1,589,491,685.57
<b>Borrowing institutions</b>		
Bank	1,564,479,703.64	238,722,740.42
Non-financial institutions	143,427,825.45	1,502,458,055.57
<b>Total</b>	<b>1,707,907,529.09</b>	<b>1,741,180,795.99</b>

#### The Company

Types	31/12/2022	31/12/2021
Guaranteed loan	562,315,032.60	520,317,999.29
Mortgage loan	1,001,162,500.06	1,001,162,500.03
Pledged loan	125,397,237.26	200,666,666.67
<b>Total</b>	<b>1,688,874,769.92</b>	<b>1,722,147,165.99</b>
Less: Long-term borrowings due within 1 year	51,534,625.45	151,689,110.42
Of which: Guaranteed loan	1,030,588.19	1,022,443.75
Pledged loan	50,504,037.26	150,666,666.67
Long-term borrowings due over 1 year	1,637,340,144.47	1,570,458,055.57
<b>Borrowing institutions</b>		
Bank	1,545,446,944.47	219,689,110.42
Non-financial institutions	143,427,825.45	1,502,458,055.57
<b>Total</b>	<b>1,688,874,769.92</b>	<b>1,722,147,165.99</b>

On 31 December 2022, the guaranteed loan of RMB 500 million of the Group and the Company was guaranteed by a third party company; the guaranteed loan of RMB 18 million of the Group and the Company was guaranteed by Anhui Boya. The guaranteed loan of RMB 19 million of Xuancheng Goho Asset Management Co., Ltd. (hereinafter referred to as "Xuancheng Goho"), a subsidiary of the Group, was guaranteed by the third party Xuancheng SME Financing Guarantee Co., Ltd.; at the same time, the Company provided counter guarantee to the above third party guarantor with the 55% equity of Xuancheng Goho (pledge amount is RMB 33 million) and its fruits; Xuancheng State-owned Assets Investment co., Ltd. provided counter guarantee to the above third party guarantor with the 45% equity of Xuancheng Goho (pledge

amount is RMB 27 million) and its fruits.

On 31 December 2022, the mortgage loan of RMB 1 billion of the Group and the Company was mortgaged by the property of the 31st to 48th floors of Australia-China Fortune Center phase I held by Anhui Fengzhi Housing Leasing Co., Ltd. which is the subsidiary of the Group. At the same time, the Company pledged RMB 1.4 billion of creditor's rights of Anhui Yinghong Investment Co., Ltd. and RMB 1.03 billion of the equity of Chang An Property and Liability Insurance Ltd.

On 31 December 2022, for the pledged loan of RMB 125 million of the Group and the Company, the Company used RMB 400 million of the equity of Anhui Goho Capital Holding Co., Ltd. as the pledge, and Anhui Boya, the related party Bengbu Quanrui Trading Co., Ltd., and the related party Anhui Wenfeng Investment Group Co., Ltd. and the actual controller Li Houwen provided guarantees.

On 31 December 2021, the guaranteed loan of RMB 500 million of the Group and the Company was guaranteed by a third party company; the guaranteed loan of RMB 19 million of the Group and the Company was guaranteed by Anhui Boya. The guaranteed loan of RMB 19 million of Xuancheng Goho, a subsidiary of the Group, was guaranteed by the third party Xuancheng SME Financing Guarantee Co., Ltd.; at the same time, the Company provided counter guarantee to the above third party guarantor with the 55% equity of Xuancheng Goho (pledge amount is RMB 33 million) and its fruits; Xuancheng State-owned Assets Investment co., Ltd. provided counter guarantee to the above third party guarantor with the 45% equity of Xuancheng Goho (pledge amount is RMB 27 million) and its fruits.

On 31 December 2021, the mortgage loan of RMB 1 billion of the Group and the Company was mortgaged by the property of the 31st to 48th floors of Australia-China Fortune Center phase I held by Anhui Fengzhi Housing Leasing Co., Ltd. which is the subsidiary of the Group. At the same time, the Company pledged RMB 1 billion of creditor's rights of Anhui Yinghong Investment Co., Ltd. and RMB 1.03 billion of the equity of Chang An Property and Liability Insurance Ltd.

On 31 December 2021, for the pledged loan of RMB 200 million of the Group and the Company, the Company used RMB 400 million of the equity of Anhui Goho Capital Holding Co., Ltd. as the pledge, and Anhui Boya, the related party Bengbu Quanrui Trading Co., Ltd., and the related party Anhui Wenfeng Investment Group Co., Ltd. provided guarantees.

## 20. Lease liabilities

The group		
Items	Buildings	Total
1/1/2022	13,862,120.13	13,862,120.13
Changes	28,295,810.40	28,295,810.40
Interest expenses	1,488,749.65	1,488,749.65
Lease Payment	12,080,982.52	12,080,982.52
31/12/2022	31,565,697.66	31,565,697.66

### The Company

Items	Buildings	Total
1/1/2022	12,773,331.96	12,773,331.96
Changes	25,612,080.91	25,612,080.91
Interest expenses	1,355,395.56	1,355,395.56
Lease Payment	8,817,964.97	8,817,964.97
31/12/2022	30,922,843.46	30,922,843.46

## 21. Others liabilities

### The Group

Items	31/12/2022	31/12/2021
Other payables	1,179,641,391.67	1,213,471,617.27
Receipts in advance	564,206.31	94,168.00
Other shareholders' equity in consolidated structured entity	200,003,181.54	302,503,814.70
Long-term payables	196,944,602.74	200,832,482.25
Dividend payable		330,331.95
Others	83,353,910.74	97,932,817.39
Total	1,660,507,293.00	1,815,165,231.56

### The Company

Items	31/12/2022	31/12/2021
Other payables	3,274,578,899.15	3,938,665,939.30
Long-term payables	196,944,602.74	200,832,482.25
Others	74,660,029.08	93,225,009.30
Total	3,546,183,530.97	4,232,723,430.85

## 22. Paid-in capital

### The Group and the Company

Items	31/12/2021		31/12/2022	
	Actual contribution(RMB)	Proportion %	Actual contribution(RMB)	Proportion%
Anhui Boya	905,929,000.00	32.44	905,929,000.00	32.44
Hangzhou Wenxin Renaissance Equity Investment Fund Partnership (LLP)	493,024,550.00	17.66	493,024,550.00	17.66
Shenzhen Langrun Group Co., Ltd.	306,086,257.00	10.96	306,086,257.00	10.96
Shanghai Dongxing Investment Holding Development Co., Ltd.	369,767,750.00	13.24	369,767,750.00	13.24

Items	31/12/2021		31/12/2022	
	Actual contribution(RMB)	Proportion %	Actual contribution(RMB)	Proportion%
Tibet Pengding Enterprise Management Partnership (LLP)	246,510,950.00	8.83	246,510,950.00	8.83
Wuhu Houshi Trading Co., Ltd.	246,510,950.00	8.83	246,510,950.00	8.83
Zhongguang Caijin Xinglong (Lancao) Equity Investment Fund Partnership (LLP)	197,209,303.00	7.06	197,209,303.00	7.06
Yangzhong XCMG Industrial Investment Partnership (LLP)	27,390,181.00	0.98	27,390,181.00	0.98
Total	2,792,428,941.00	100.00	2,792,428,941.00	100.00

### 23. Capital reserve

#### The Group and the Company

Items	31/12/2021	Increase	Decrease	31/12/2022
Capital premium				
Capital contribution from investors	1,276,322,635.95			1,276,322,635.95
Others	-1,772,257.98			-1,772,257.98
Total	1,274,550,377.97			1,274,550,377.97

### 24. Other comprehensive income

#### The Group

Items	31/12/2021	Amount in this period				31/12/2022
		Amount of income before tax for the current period	Less: Income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
i. Other comprehensive income that cannot be reclassified to profit or loss						
ii. Other comprehensive income to be reclassified to profit or loss	15,772,758.71	41,174,206.73		41,174,206.73		56,946,965.44
Of which: Other comprehensive	14,420,860.64	42,940,040.45		42,940,040.45		57,360,901.09

Items	31/12/2021	Amount in this period			31/12/2022
		Amount of income before tax for the current period	Less: Income tax	Attributable to parent company after tax	
income that can be transferred to profit or loss under the equity method					
Translation differences of financial statements denominated in foreign currencies	1,351,898.07	-1,765,833.72		-1,765,833.72	-413,935.65
<b>Total</b>	<b>15,772,758.71</b>	<b>41,174,206.73</b>		<b>41,174,206.73</b>	<b>56,946,965.44</b>

#### The Company

Items	31/12/2021	Amount in this period			31/12/2022
		Amount of income before tax for the current period	Less: Income tax	Amount after tax	
i. Other comprehensive income that cannot be reclassified to profit or loss					
ii. Other comprehensive income to be reclassified to profit or loss	14,420,860.64	42,940,040.45		42,940,040.45	57,360,901.09
Of which: Other comprehensive income that can be transferred to profit or loss under the equity method	14,420,860.64	42,940,040.45		42,940,040.45	57,360,901.09
<b>Total</b>	<b>14,420,860.64</b>	<b>42,940,040.45</b>		<b>42,940,040.45</b>	<b>57,360,901.09</b>

#### 25. Surplus reserve

The Group

Items	31/12/2021	Increase	Decrease	31/12/2022
Statutory surplus reserve	137,924,008.18			137,924,008.18
Total	137,924,008.18			137,924,008.18

#### The Company

Items	31/12/2021	Increase	Decrease	31/12/2022
Statutory surplus reserve	138,324,008.18			138,324,008.18
Total	138,324,008.18			138,324,008.18

According to the Company Law, the Company may transfer at 10% of net profit to the statutory surplus reserve and may cease to transfer when the statutory surplus reserve reaches up to 50% of the capital reserve.

## 26. Retained profits

#### The group

Items	2022	2021
Retained profits at the beginning of the year	671,654,245.16	602,226,189.38
Total adjusted retained profits at the beginning of the year (Add+, Less—)		-9,296,831.43
Adjusted retained profits at the beginning of the year	671,654,245.16	592,929,357.95
Add: Net profit attributable to owners of the parent company for the period	-356,776,018.60	383,094,214.72
Less: Transfer to statutory surplus reserve		41,384,344.09
Less: Distribution to owners		105,374,700.00
Less: Transfer from common stock dividends to share capital		158,062,016.00
Add: Others		451,732.58
Retained profits at the end of the year	314,878,226.56	671,654,245.16

#### The Company

Items	2022	2021
Retained profits at the beginning of the year	623,635,857.59	520,347,273.18
Total adjusted retained profits at the beginning of the year (Add+, Less—)		-5,733,796.42
Adjusted retained profits at the beginning of the year	623,635,857.59	514,613,476.76
Add: Net profit	-426,445,735.99	413,843,440.92
Less: Transfer to statutory surplus reserve		41,384,344.09
Less: Distribution to owners		105,374,700.00

Items	2022	2021
Less: Transfer from common stock dividends to share capital		158,062,016.00
Retained profits at the end of the year	197,190,121.60	623,635,857.59

On October 10, 2021, the Company held the 2020 Annual General Meeting of Shareholders and approved the profit distribution plan for 2020. Based on the registered capital of RMB 2,634,366,925 as of 31 December 2020, the Company will distribute stock dividends and cash dividends to all shareholders, of which the amount of stock dividends is RMB 158,062,016 and the amount of cash dividends is RMB 105,374,700. After distributing the stock dividends, the Company's registered capital increased to RMB 2,792,428,941. As of 31 December 2021, the Company has paid the above cash dividends to shareholders.

## 27. Debt investments income

### The Group

Items	2022	2021
Interest income from distressed assets	7,577,331.75	850,026,327.70
Total	7,577,331.75	850,026,327.70

### The Company

Items	2022	2021
Interest income from distressed assets	-9,079,532.35	842,737,145.92
Total	-9,079,532.35	842,737,145.92

## 28. Net gains on disposal of distressed assets

### The Group and the Company

Items	2022	2021
Held-for-trading financial assets - distressed assets	-1,300,539.36	117,948,180.44
Total	-1,300,539.36	117,948,180.44

## 29. Fee and commission income

### The Group

Items	2022	2021
Financial consulting income	388,467,862.31	327,684,030.89
Income from fund management business	53,589,956.09	68,975,225.87
Total	442,057,818.40	396,659,256.76

### The Company

Items	2022	2021
Financial consulting income	323,646,818.86	285,649,539.02
Total	323,646,818.86	285,649,539.02

### 30. Interest income

#### The Group

Items	2022	2021
Fund lending	25,221,993.02	51,034,012.56
Financial assets purchased under resale agreements	1,016,743.94	13,025,979.11
Bank balances	3,850,420.13	3,876,321.44
Total	30,089,157.09	67,936,313.11

#### The Company

Items	2022	2021
Fund lending	10,840,646.65	33,423,375.64
Bank balances	3,513,050.52	3,328,494.72
Total	14,353,697.17	36,751,870.36

### 31. Investment income

#### The Group

Items	2022	2021
Held-for-trading financial assets	1,306,789.36	10,235,712.66
Debt investments	612,845.00	6,539,642.24
Long-term equity investments	175,726,057.29	60,257,146.04
Including: Income recognized under equity method	175,726,057.29	57,224,611.88
Income from disposal of equity		3,032,534.16
Total	177,645,691.65	77,032,500.94

#### The Company

Items	2022	2021
Held-for-trading financial assets	2,878,008.20	9,064,940.83
Debt investments		1,952,313.63
Long-term equity investments	137,397,670.42	111,866,483.57
Including: Income recognized under equity method	114,621,648.91	31,522,357.25
Income from disposal of equity		-645,718.29
Profit distribution declared by the investee under cost method	22,776,021.51	80,989,844.61

Items	2022	2021
Total	140,275,678.62	122,883,738.03

### 32. Other income

#### The Group

Items	2022	2021
Income from fiscal refunds	31,863,213.28	41,662,022.80
Total	31,863,213.28	41,662,022.80

#### The Company

Items	2022	2021
Income from fiscal refunds	24,066,682.02	31,323,529.22
Total	24,066,682.02	31,323,529.22

Income from fiscal refunds includes government subsidies related to the daily activities of enterprises, return of personal tax service fees, tax deductions and exemptions and etc. The government grants obtained by the Group and the Company are related to income.

### 33. Gains or losses from changes in fair values

#### The Group

Items	2022	2021
Held-for-trading financial assets	-71,049,416.18	-4,636,953.66
Total	-71,049,416.18	-4,636,953.66

#### The Company

Items	2022	2021
Held-for-trading financial assets	-65,560,132.92	-6,883,052.37
Total	-65,560,132.92	-6,883,052.37

### 34. Fee and commission expenses

#### The Group

Items	2022	2021
Financial consulting fee	143,316,187.78	122,549,465.95
Other fee expenses	4,436,472.50	179,843.01
Total	147,752,660.28	122,729,308.96

#### The Company

Items	2022	2021
Financial consulting fee	116,522,636.88	98,788,161.98
Other fee expenses	71,782.49	124,507.68
<b>Total</b>	<b>116,594,419.37</b>	<b>98,912,669.66</b>

### 35. Interest expenses

#### The Group

Items	2022	2021
Borrowings	175,996,749.39	173,428,515.71
Bonds payable	245,638,495.75	316,143,926.75
Other payables	31,110,816.20	62,657,931.99
Long-term payables	17,390,180.34	20,076,766.38
Changes in the profit that should be enjoyed by other holders in consolidated structured entity	9,998,331.23	34,348,588.67
Financial assets sold under repurchase agreements	29,892,413.53	32,737,842.66
Lease liabilities	1,488,749.65	795,187.22
<b>Total</b>	<b>511,515,736.09</b>	<b>640,188,759.38</b>

#### The Company

Items	2022	2021
Borrowings	166,446,247.35	163,332,367.45
Bonds payable	160,532,561.77	233,372,054.67
Other payables	200,651,062.76	179,281,208.49
Long-term payables	17,390,180.34	20,076,766.38
Financial assets sold under repurchase agreements	29,134,219.11	32,204,231.56
Lease liabilities	1,355,395.56	503,974.29
<b>Total</b>	<b>575,509,666.89</b>	<b>628,770,602.84</b>

### 36. Taxes and surcharges

#### The Group

Items	2022	2021
City maintenance and construction tax	1,620,710.76	6,021,974.97
Educational surcharge	713,062.23	2,588,753.51
Local education surcharge	468,799.95	1,729,286.89
Water conservancy funds	276,450.79	988,576.92
Stamp duty	99,471.39	209,781.56
Others	2,294,312.59	2,770,660.80

Items	2022	2021
Total	5,472,807.71	14,309,034.65

#### The Company

Items	2022	2021
City maintenance and construction tax	1,172,537.27	5,397,269.44
Educational surcharge	502,515.98	2,313,115.47
Local education surcharge	335,010.64	1,542,076.99
Water conservancy funds	211,585.93	852,440.27
Stamp duty	29,768.14	111,689.10
Others	12,477.57	10,633.50
Total	2,263,895.53	10,227,224.77

### 37. General and administrative expenses

#### The Group

Items	2022	2021
Employee benefits and welfare	99,188,715.34	131,757,542.03
Intermediary fees	17,759,817.90	51,016,425.13
Daily administrative expenses	10,114,996.68	14,212,444.35
Business promotion and entertainment expenses	10,222,441.13	10,239,738.39
Depreciation and amortization expenses	17,199,298.93	726,682.10
Others	1,146,329.70	1,604,298.98
Total	155,631,599.68	209,557,130.98

#### The Company

Items	2022	2021
Employee benefits and welfare	50,041,708.97	73,446,068.00
Intermediary fees	15,024,503.57	46,919,153.42
Daily administrative expenses	5,918,172.47	8,119,222.05
Business promotion and entertainment expenses	8,636,190.26	7,497,442.54
Depreciation and amortization expenses	9,126,172.56	6,206,149.24
Others	487,335.99	70,567.59
Total	89,234,083.82	142,258,602.84

### 38. Credit impairment losses

#### The Group

Items	2022	2021
Other accounts receivables	33,957,354.89	20,662,511.65
Debt investments	-21,837,896.97	9,738,455.15
Financial assets purchased under resale agreements		-4,749,161.92
<b>Total</b>	<b>12,119,457.92</b>	<b>25,651,804.88</b>

#### The Company

Items	2022	2021
Other accounts receivables	28,582,281.16	20,727,763.19
Debt investments	-33,562,175.74	11,193,127.59
<b>Total</b>	<b>-4,979,894.58</b>	<b>31,920,890.78</b>

### 39. Other operating expenses

#### The Group

Items	2022	2021
Depreciation of investment properties	35,635,422.52	13,180,877.45
Others	8,212.02	2,469,213.34
<b>Total</b>	<b>35,643,634.54</b>	<b>15,650,090.79</b>

#### The Company

Items	2022	2021
Others	8,212.02	
<b>Total</b>	<b>8,212.02</b>	

### 40. Income tax expenses

#### (1) Income tax expense table

#### The Group

Items	2022	2021
Current income tax	28,647,323.61	153,983,734.79
Deferred income tax	-18,628,741.22	-8,002,908.11
<b>Total</b>	<b>10,018,582.39</b>	<b>145,980,826.68</b>

#### The Company

Items	2022	2021
Current income tax	821,121.39	132,041,195.89
Deferred income tax	-15,145,059.59	-9,700,985.80

Items	2022	2021
Total	-14,323,938.20	122,340,210.09

**(2) Reconciliation of income tax expenses to accounting profit is as follows:**

**The Group**

Items	2022	2021
Profit before tax	-319,074,179.13	556,964,093.99
Income tax expense calculated at 25%	-79,768,544.79	139,241,023.49
Effect of expenses not deductible for tax purpose	2,226,514.83	866,781.21
Tax effects of recognition of profit or loss adjustments under the equity method	-36,061,534.57	7,804,807.26
Effect of income not taxable for tax purpose	-1,088,260.20	-900,687.84
Effect of annual filing of prior period income tax on the current period	821,355.05	451,325.15
Effect of unrecognized deductible losses and deductible temporary differences	129,264,565.11	4,860,902.14
Effect of using previously unrecognized deductible losses and deductible temporary differences	-5,893,754.04	-5,903,458.56
Effect of different tax rates of subsidiaries	518,241.00	-439,866.17
Income tax expense	10,018,582.39	145,980,826.68

**The Company**

Items	2022	2021
Profit before tax	-440,769,674.19	536,183,651.01
Income tax expenses calculated at 25%	-110,192,418.55	134,045,912.75
Effect of expenses not deductible for tax purpose	1,904,089.57	563,203.74
Tax effects of recognition of profit or loss adjustments under the equity method	-28,655,412.23	7,815,667.11
Effect of income not taxable for tax purpose	-5,694,005.38	-20,289,218.54
Effect of annual filing of prior period income tax on the current period	821,121.39	204,645.03
Effect of unrecognized deductible losses and deductible temporary differences	127,492,687.00	
Income tax expenses	-14,323,938.20	122,340,210.09

**41. Supplementary information to the cash flow statement**

**(1) Supplementary information to the cash flow statement**

**The Group**

Supplementary information	2022	2021
i. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-329,092,761.52	410,983,267.31
Add: Credit impairment losses	12,119,457.92	25,651,804.88
Depreciation of investment properties	30,302,662.98	13,180,877.45
Depreciation of fixed assets	4,901,678.76	-8,226,542.14
Depreciation of right-of-use assets	11,834,132.40	8,475,989.07
Amortization of intangible assets	463,487.77	424,904.86
Amortization of long-term prepaid expenses		52,330.31
Losses on disposal fixed assets, intangible assets and other long-term assets(Income is listed with "-")	5,331,154.54	2,483,651.68
Fixed assets retirement loss (Income is listed with "-")	3,578.65	
Loss from changes in fair value (Income is listed with "-")	71,049,416.18	4,636,953.66
Interest expenses of bonds payable	245,638,495.75	316,143,926.75
Benefits to other holders of the consolidated structured entity	9,998,331.23	34,348,588.67
Interest expense of lease liabilities	1,488,749.65	795,187.22
Investment losses (Income is listed with "-")	-179,267,123.74	-70,492,858.70
Decrease in deferred tax assets (Increase is listed with "-")	-18,590,949.37	-8,420,088.18
Increase in deferred tax liabilities (Decrease is listed with "-")	-37,791.85	417,180.07
Foreign exchange gains and losses (Increase is listed with "-")	87,624,527.69	-20,317,253.31
Net decrease in held-for-trading financial assets (Net increase is listed with "-")	116,851,684.34	14,005,224.71
Net decrease in debt investments (Net increase is listed with "-")	4,769,714,942.34	163,872,794.30
Decrease in operating receivables (Increase is listed with "-")	809,523,689.48	-47,535,558.57
Increase in operating payables (Decrease is listed with "-")	-558,017,383.65	-544,002,359.19
Net cash flow from operating activities	5,091,839,979.55	296,478,020.85
ii. Significant investments and financing activities that do not involve cash receipts and payments		
Debt transfer to capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
iii. Net changes in cash and cash equivalents		
Closing balance of cash	338,114,919.01	772,647,943.27
Less: Opening balance of cash	772,647,943.27	813,570,954.49
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		

Supplementary information	2022	2021
Net increase in cash and cash equivalents	-434,533,024.26	-40,923,011.22

### The Company

Supplementary information	2022	2021
i. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-426,445,735.99	413,843,440.92
Add: Impairment losses of credit	-4,979,894.58	31,920,890.78
Depreciation of fixed assets	557,848.94	735,198.33
Depreciation of right-of-use assets	8,333,883.41	5,255,442.37
Amortization of intangible assets	234,440.21	202,313.62
Amortization of long-term prepaid expenses		13,194.92
Fixed assets retirement loss (Income is listed with "-")	3,578.65	
Loss from changes in fair value (Income is listed with "-")	65,560,132.92	6,883,052.37
Interest expenses of bonds payable	160,532,561.77	233,372,054.67
Interest expense of lease liabilities	1,355,395.56	503,974.29
Investment losses (Income is listed with "-")	-140,046,081.42	-120,931,424.40
Decrease in deferred tax assets (Increase is listed with "-")	-15,145,059.59	-9,700,985.80
Increase in deferred tax liabilities (Decreases is listed with "-")		
Foreign exchange gains and losses (Increase is listed with "-")		-17,333,689.90
Net decrease in held-for-trading financial assets (Net increase is listed with "-")	75,684,231.22	4,637,630.77
Net decrease in debt investments (Net increase is listed with "-")	4,800,095,270.41	49,509,995.81
Decrease in operating receivables (Increase is listed with "-")	488,209,798.10	353,921,906.40
Increase in operating payables (Decreases is listed with "-")	-1,156,836,715.53	33,189,724.14
Net cash flow from operating activities	3,857,113,654.08	986,022,719.29
ii. Significant investments and financing activities that do not involve cash receipts and payments		
Debt transfer to Capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
iii. Net changes in cash and cash equivalents		
Closing balance of cash	288,581,932.70	713,130,053.02
Less: Opening balance of cash	713,130,053.02	623,420,590.57
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		

Supplementary information	2022	2021
Net Increase in cash and cash equivalents	-424,548,120.32	89,709,462.45

## (2) Composition of cash and cash equivalents

### The Group

Items	31/12/2022	31/12/2021
I. Cash	338,114,919.01	772,647,943.27
Including: Cash on hand		
Bank balances that can be readily withdrawn on demand	332,499,457.03	767,739,470.57
Other monetary funds that can be readily withdrawn on demand	5,615,461.98	4,908,472.70
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	338,114,919.01	772,647,943.27

### The Company

Items	31/12/2022	31/12/2021
I. Cash	288,581,932.70	713,130,053.02
Including: Cash on hand		
Bank balances that can be readily withdrawn on demand	288,578,256.68	713,126,389.55
Other monetary funds that can be readily withdrawn on demand	3,676.02	3,663.47
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	288,581,932.70	713,130,053.02

## 42. Equity in structured entities

### (1) The structured entities controlled and consolidated by the Group

In order to determine whether the Group has control over the merged entities, the main judgments of the Group are as follows:

When the Group serves as both a general partner and a limited partner of a private fund, the Group comprehensively assesses whether the return enjoyed by holding investment shares and the manager's remuneration as the fund manager will have a significant impact on the variable return, in which situation the Group should be the main responsible party. If the Group acts as the main responsible party, the corresponding private funds will be included into the scope of consolidation.

The Group has consolidated some structured entities, and these entities mainly include private funds.

As of 31 December 2022, the assets of structured entities included in the scope of consolidation held by the Group amounted to RMB 312,728,843.06 (31 December 2021: RMB

507,453,534.00).

As of 31 December 2022, the equity of other holders of the consolidated structured entities is RMB 200,003,181.54 (31 December 2021: RMB 302,503,814.70). In 2022, the equity changes enjoyed by other holders of the consolidated structured entities is RMB 9,998,331.23 (2021: RMB 34,348,588.67).

## (2) Equity in structured entities not included in the scope of the consolidated financial statements

The Group's subsidiaries, Anhui Guohou Investment Management Co., Ltd., Shanghai Guorui Equity Investment Fund Management Co., Ltd. and etc, initiate or invest in structured entities that provide specific investment opportunities, the nature and purpose of these structured entities are mainly to manage investors' assets and earn management fees. Its financing method is to issue investment products to investors. The Group has no control over this type of structured entities, so it has not consolidated such structured entities.

Such structured entities managed by the Group are private funds, and the Group mainly obtained fee income by providing management services to investors of the structured entities.

The scale of the unconsolidated private funds managed by the Group, the book value and the corresponding maximum risk exposure in the consolidated balance sheet, are as follows:

Items	31/12/2022				
	Managed scale	Book value	Maximum loss exposure	Benefit	Income type
Private funds	42,838,004,642.35	42,631,572.06	42,631,572.06	53,589,956.09	Fee and commission income
Total	42,838,004,642.35	42,631,572.06	42,631,572.06	53,589,956.09	

Items	31/12/2021				
	Managed scale	Book value	Maximum loss exposure	Benefit	Income type
Private funds	50,900,368,369.94	35,767,418.48	35,767,418.48	68,975,225.87	Fee and commission income
Total	50,900,368,369.94	35,767,418.48	35,767,418.48	68,975,225.87	

The relevant assets and liabilities items in the Group's balance sheet for the interests in structured entities managed and invested directly by the Group are as follows:

Items	31/12/2022	31/12/2021
Held-for-trading financial assets - private funds	11,533,093.50	13,143,093.50
Long-term equity investment	31,098,478.56	22,624,324.98
Total	42,631,572.06	35,767,418.48

The following table sets forth the book values of the Group's interests in structured entities managed by third-party institutions as of 31 December 2022 and 31 December 2021:

Item	31/12/2022		
	Held-for-trading financial assets	Maximum loss exposure	Income type
Private funds	114,100,343.44	114,100,343.44	Investment income
Wealth management products	6,895,000.00	6,685,000.00	Investment income
Total	120,995,343.44	120,785,343.44	

Item	31/12/2021		
	Held-for-trading financial assets	Maximum loss exposure	Income type
Private funds	114,525,794.22	114,525,794.22	Investment income
Wealth management products	38,092,000.00	38,092,000.00	Investment income
Total	152,617,794.22	152,617,794.22	

#### 43. Segment report

The Group and the Company determine reportable segments and disclose segment information by the Accounting Standards for Business Enterprises No. 35. According to the management requirements and internal reporting system of the Group and the Company, the Group and the Company are not divided into business segments, and the Group and the Company as a whole are regarded as one operating segment.

#### 44. Transfer of financial assets

##### Repurchase agreement

The Group entered into financial assets repurchase agreements with a number of counterparties and commits to repurchasing such financial assets with the agreed price in a predetermined future date. According to the repurchase agreement, the legal ownership of the financial assets is not transferred during the trading period. The Group may not sell or pledge such financial assets unless both parties reach an agreement. Hereby, the Group considers that it retains most of the risks and rewards of such financial assets. Therefore, the Group did not terminate the recognition of such financial assets from the financial statements, instead of considering them as pledges for the borrowings obtained from counterparties. Normally, when a pledged loan is in default, the counterparty can only make a claim on the pledge.

As of 31 December 2022, the book value of the Group's financial assets sold under repurchase agreements was RMB 324,049,023.28. According to the transfer and repurchase agreement of the relevant usufruct of creditor's right, the total original principal and interest of the underlying usufruct of creditor's right when the Group raised funds was RMB 1,692,383,555.68.

As of 31 December 2021, the book value of the Group's financial assets sold under repurchase agreements was RMB 354,182,975.29. According to the transfer and repurchase agreement of the relevant usufruct of creditor's right, the total original principal and interest of the underlying usufruct of creditor's right when the Group raised funds was RMB 2,788,436,579.09.

#### Assignment of usufruct of creditor's right

The Group has entered into transfer transactions of usufruct of creditor's right with a number of counterparties. According to the transaction agreements, the Group believes that it has transferred almost all the risks and rewards of such financial assets and should derecognize such financial assets.

## VI. CHANGES IN THE SCOPE OF CONSOLIDATION

### 1. Changes in the scope of consolidation due to other reasons

In March 2022, the Group set up a new subsidiary, Wuhu Taixinpu Enterprise Management Center (LLP). Huangshan Guohou Asset Management Co., Ltd., the subsidiary of the Company, acted as the executive partner, and the Company and Wuhu Chenghe Investment Management Center (LLP) acted as the limited partners, with the shareholding ratio of 0.16%, 66.56% and 33.28% respectively. The Group holds a total stake of 66.72%, and according to the partnership agreement, the Group is able to control the partnership enterprise.

## VII. EQUITY IN OTHER ENTITIES

### 1. Equity in subsidiaries

#### (1) The composition of the Group:

The basic information of the tier 1 subsidiaries held by the Group on 31 December 2022 is as follows:

Companies' names	Operating place	Registration place	Business nature	Actual capital contribution on 31 December 2022	Shareholding ratio	
					Direct	Indirect
Anhui Fengzhi Housing Rental Co., Ltd.	Baohe District, Hefei City, Anhui Province	Baohe District, Hefei City, Anhui Province	Housing leasing	1,169,650,000.00	100%	
Anhui Goho Capital Holdings Co., Ltd. ("Goho Capital")	Jiujiang District, Wuhu City, Anhui Province	Jiujiang District, Wuhu City, Anhui Province	Asset management business	955,600,000.00	100%	
Xuancheng Goho Asset Management Co., Ltd. (Xuancheng Goho')	Xuancheng District, Xuancheng City, Anhui Province	Xuancheng District, Xuancheng City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	77,000,000.00	55%	

Companies' names	Operating place	Registration place	Business nature	Actual capital contribution on 31 December 2022	Shareholding ratio	
					Direct	Indirect
Zongyang Goho Asset Management Co., Ltd. ("Zongyang Goho")	Zongyang County, Tongling City, Anhui Province	Zongyang County, Tongling City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	51,000,000.00	51%	
Tongling Goho Tianyuan Asset Management Co., Ltd. ("Tongling Goho")	Tongling City, Anhui Province	Tongling City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	32,500,000.00	65%	
Hefei City Baohe Goho Asset Management Co., Ltd.	Hefei City, Anhui Province	Hefei City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	19,500,000.00	65%	
Goho (Hong Kong) Consultation Co., Ltd.	Hong Kong	Hong Kong	Investment, consultation	17,528,880.00	100%	
Fengyang Goho Asset Management Co., Ltd.	Fengyang County, Chuzhou City, Anhui Province	Fengyang County, Chuzhou City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	15,000,000.00	60%	
Tongcheng Goho Xingcai Asset Management Co., Ltd.	Tongcheng, Anqing City, Anhui Province	Tongcheng, Anqing City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	12,600,000.00	60%	
Shenzhen Guoteng Investment Co., Ltd.	Nanshan District, Shenzhen, Guangdong Province	Nanshan District, Shenzhen, Guangdong Province	Entrepreneurship investment business, entrepreneurial investment consulting business	11,425,401.26	60%	
Anhui Goho Investment Management Co., Ltd. ("Goho Investment")	Jiujiang District, Wuhu City, Anhui Province	Jiujiang District, Wuhu City, Anhui Province	Investment management, asset management, project investment, consultation	11,000,000.00	55%	

Companies' names	Operating place	Registration place	Business nature	Actual capital contribution on 31 December 2022	Shareholding ratio	
					Direct	Indirect
Beijing Guofeng Digital Technology Co., Ltd.	Xicheng District, Beijing	Xicheng District, Beijing	Technical development and application	8,000,000.00	80%	
Shanghai Guorui Equity Investment Fund Management Co., Ltd.	Shanghai	Shanghai	Equity investment management, asset management, investment management	8,000,000.00	80%	
Bengbu Goho Asset Management Co., Ltd.	Huashang District, Bengbu City, Anhui Province	Huashang District, Bengbu City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	1,950,000.00	65%	
Qianshan Goho Asset Management Co., Ltd.	Qianshan City, Anqing City, Anhui Province	Qianshan City, Anqing City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	510,000.00	51%	
Wuhu Taixinpu Enterprise Management Center (LLP)	Hefei City, Anhui Province	Hefei City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	110,402,397.26	66.72%	

For the structured entities included in the scope of the Group's consolidated financial statements, please refer to Note V. 42.

## (2) Significant non-wholly owned subsidiaries

Companies' names	Proportion of minority shareholders	Profit and loss attributable to minority shareholders in 2022	Dividend declared to minority shareholders in 2022	Balance of minority equity on 31 December 2022
Goho Investment	45%	9,628,253.42	18,000,000.00	24,820,970.31
Xuancheng Goho	45%	8,495,621.16		82,210,367.26
Zongyang Goho	49%	2,216,449.10		55,743,346.35
Tongling Goho	35%	5,062,534.22		36,439,495.31

## (3) Financial information of significant non-wholly owned subsidiaries

	31/12/2022	31/12/2021
Total assets	613,016,641.53	633,063,736.94
Total liabilities	157,294,449.59	196,604,570.83

	2022	2021
Operating income	112,601,810.43	119,195,343.54
Net profit	59,263,025.83	56,783,136.71
Total comprehensive income	59,263,025.83	56,783,136.71
Net cash flows from operating activities	23,730,677.36	51,094,401.86

### VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The financial instrument risks faced by the Group in the course of operation mainly include credit risk, liquidity risk, and market risk. Among them, market risks includes interest rate risk, exchange rate risk, and price risk.

#### Risk management objectives and policies

The Group's goal of risk management is to achieve an appropriate balance between risks and benefits, minimize the negative impact of risks on the Group's operating performance, and maximize shareholders' rights. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner, control risks within a limited range.

#### 1. Credit Risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

The credit risk of the Group mainly arises from cash and bank balances, financial assets purchased under resale agreements, held-for-trading financial assets, debt investments, accounts receivable, and other receivables. On the balance sheet date, the book value of the Company's financial assets has already represented its maximum credit risk exposure.

Cash and bank balances of the Group are mainly deposited in banks with higher credit ratings, and the Group believes that there is no significant credit risk in them, and there is almost no significant loss caused by bank default.

The amount of the Group's maximum credit risk exposure is listed as follows:

Items	31/12/2022	31/12/2021
Cash and bank balances	434,016,321.35	818,348,479.55
Financial investments		

Items	31/12/2022	31/12/2021
Held-for-trading financial assets	422,490,199.27	564,872,172.15
Debt investments	3,236,986,648.01	8,142,578,967.18
Accounts receivable	24,541,169.21	36,239,833.34
Other financial assets	323,169,442.94	971,369,863.64
Sub-total	4,441,203,780.78	10,533,409,315.86
Credit enhancement	2,601,044,452.11	2,079,165,787.00
Total	7,042,248,232.89	12,612,575,102.86

## 2. Liquidity Risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle by delivering cash or other financial assets.

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents deemed sufficient by the management to meet the Group's operating needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The financial liabilities held by the Group are analyzed according to the maturity period of the undiscounted remaining contractual obligations as follows:

The Group

Items	31/12/2022						Total
	Overdue/Indefinite	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Short-term borrowings			11,356,936.81	30,227,458.33	232,677,251.39		274,261,646.53
Financial assets sold under repurchase agreements			69,260,714.57	26,000,000.00	169,187,501.50	68,000,000.00	332,448,216.07
Bonds payable				15,670,350.00	1,700,533,894.00	2,420,503,490.00	4,136,707,734.00
Long-term borrowings			86,877.50	139,210,347.50	79,572,237.50	1,641,079,513.61	1,859,948,976.11
Other financial liabilities		1,124,168,594.66		10,423,444.52	187,575,932.17	70,070,456.26	1,392,238,427.61
Total financial liabilities		1,124,168,594.66	80,704,528.88	221,531,600.35	2,369,546,816.56	4,199,653,459.87	7,995,605,000.32

Items	31/12/2021						Total
	Overdue/Indefinite	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Short-term borrowings		238,827.10	1,762,771.12	4,713,632.04	469,077,749.23		475,792,979.49
Financial assets sold under repurchase agreements			18,639,512.43		271,834,742.35	75,000,000.00	365,474,254.78
Bonds payable				1,886,554.08	158,764,925.92	3,516,816,508.28	3,677,467,988.28
Long-term borrowings				68,359,408.73	186,326,723.63	1,785,544,931.90	2,040,231,064.26
Other financial liabilities		1,065,255,647.05			355,999,937.57	401,986,297.52	1,823,241,882.14
Total financial liabilities		1,065,494,474.15	20,402,283.55	74,959,594.85	1,442,004,078.70	5,779,347,737.70	8,382,208,168.95

### **3. Market Risks**

Market risks of financial instruments refer to the risks that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk, and other price risks.

#### **(1) Interest rate risk**

Interest rate risk refers to the risk of loss to the Group due to adverse changes in interest rate levels, term structure, and other factors. Interest rate risk mainly comes from re-pricing risk and benchmark risk.

The table below summarizes the Group's exposure to interest rate risk. The assets and liabilities items in the table are classified according to the earlier the contract re-pricing date and the maturity date, and the net book value of financial assets is presented.

The Group

Items	31/12/2022					Total
	Non-interest bearing	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Cash and bank balances		347,725,261.18		86,291,060.17		434,016,321.35
Financial investments						
Held-for-trading financial assets	1,026,415,715.99					1,026,415,715.99
Debt investments	174,866,522.24	38,512,562.60	1,458,320,914.67	788,431,176.09	776,855,472.41	3,236,986,648.01
Accounts receivable	24,541,169.21					24,541,169.21
Other financial assets	52,014,496.57			37,917,026.81	233,237,919.56	323,169,442.94
<b>Total financial assets</b>	<b>1,277,837,904.01</b>	<b>386,237,823.78</b>	<b>1,458,320,914.67</b>	<b>912,639,263.07</b>	<b>1,010,093,391.97</b>	<b>5,045,129,297.50</b>
Short-term borrowings	505,411.82	10,000,000.00	22,000,000.00	228,000,000.00		260,505,411.82
Financial assets sold under repurchase agreements	11,358,343.78	49,503,178.00	26,000,000.00	169,187,501.50	68,000,000.00	324,049,023.28
Bonds payable	63,797,974.86			1,512,884,800.00	2,098,762,000.00	3,675,444,774.86
Long-term borrowings	46,014,329.09		124,893,200.00	1,000,000.00	1,536,000,000.00	1,707,907,529.09
Other financial liabilities	855,697,425.81	97,971,475.00	10,000,000.00	176,292,727.41	236,624,366.19	1,376,585,994.41
<b>Total financial liabilities</b>	<b>977,373,485.36</b>	<b>157,474,653.00</b>	<b>182,893,200.00</b>	<b>2,087,365,028.91</b>	<b>3,939,386,366.19</b>	<b>7,344,492,733.46</b>
<b>Net amount</b>	<b>300,464,418.65</b>	<b>228,763,170.78</b>	<b>1,275,427,714.67</b>	<b>-1,174,725,765.84</b>	<b>-2,929,292,974.22</b>	<b>-2,299,363,435.96</b>

Items	31/12/2021					Total
	Non-interest bearing	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Cash and bank balances		772,647,943.27		45,700,536.28		818,348,479.55
Financial investments						
Held-for-trading financial assets	641,194,425.10					641,194,425.10
Debt investments	280,793,466.67		104,455,581.63	4,651,910,794.43	3,105,419,124.45	8,142,578,967.18
Accounts receivable	36,239,833.34					36,239,833.34
Other financial assets	447,119,491.26			80,109,122.18	444,141,250.20	971,369,863.64
<b>Total financial assets</b>	<b>1,405,347,216.37</b>	<b>772,647,943.27</b>	<b>104,455,581.63</b>	<b>4,777,720,452.89</b>	<b>3,549,560,374.65</b>	<b>10,609,731,568.81</b>
Short-term borrowings	1,040,910.43			455,000,000.00		456,040,910.43
Financial assets sold under repurchase agreements	7,348,232.94			271,834,742.35	75,000,000.00	354,182,975.29
Bonds payable	50,287,806.48				3,248,631,600.00	3,298,919,406.48
Long-term borrowings	3,180,795.99		50,000,000.00	101,000,000.00	1,587,000,000.00	1,741,180,795.99
Other financial liabilities	1,065,255,647.05			339,817,299.57	397,123,797.52	1,802,196,744.14
<b>Total financial liabilities</b>	<b>1,127,113,392.89</b>		<b>50,000,000.00</b>	<b>1,167,652,041.92</b>	<b>5,307,755,397.52</b>	<b>7,652,520,832.33</b>
<b>Net amount</b>	<b>278,233,823.48</b>	<b>772,647,943.27</b>	<b>54,455,581.63</b>	<b>3,610,068,410.97</b>	<b>-1,758,195,022.87</b>	<b>2,957,210,736.48</b>

## (2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates. As of 31 December 2022, the Group's outstanding USD bonds amounted to RMB 1,313 million (31 December 2021: RMB 1,197 million), and USD and Hong Kong dollar assets amounted to RMB 274 million (31 December 2021: RMB 240 million). Except for the above-mentioned assets or liabilities denominated in foreign currency, the Group has no other foreign currency business. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Group's operating results.

## (3) Price risk

Financial assets measured at fair value held by the Group are held-for-trading financial assets. The Group uses discounted cash flow model, net product value, or valuation techniques to determine their fair value on the balance sheet date.

## IX. FAIR VALUE DISCLOSURE

The input values used in fair value measurement are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The level to which the fair value measurement result belongs is determined by the lowest level of the input value that is significant to the fair value measurement as a whole.

### 1. Closing fair value of assets and liabilities measured at fair value

Items	31/12/2022			
	Level 1	Level 2	Level 3	Total
<b>Continuous fair value measurement</b>				
◆Held-for-trading financial assets	10,695,028.57		1,015,720,687.42	1,026,415,715.99
Distressed assets			285,595,199.27	285,595,199.27
Unlisted equities			30,770,378.69	30,770,378.69
Stock	3,800,028.57			3,800,028.57
Private funds			125,633,436.94	125,633,436.94
Partnership enterprise			543,721,672.52	543,721,672.52
Wealth management products	6,895,000.00			6,895,000.00
Trust plans			30,000,000.00	30,000,000.00

## 2. Reconciliation information for continuous level 3 fair value measurement items

Items	1/1/2022	Transfer to level 3	Transfer out of level 3	Total gains or losses in the current period		Purchase, distribution, sale and settlement				31/12/2022	For assets held on 31 December 2022, unrealized gains or changes recognized in current profit or loss
				Recognized in current profit or loss	Recognized in other comprehensive income	Purchase	Distribution	Sale	Settlement		
◆Held-for-trading financial assets	585,219,438.56			-66,936,911.33		600,438,101.80		102,999,941.61		1,015,720,687.42	-66,936,911.33
Distressed assets	426,780,172.15			-65,500,741.66		26,705,710.39		102,389,941.61		285,595,199.27	-65,500,741.66
Unlisted equities	30,770,378.69									30,770,378.69	
Private funds	127,668,887.72			-1,425,450.78				610,000.00		125,633,436.94	-1,425,450.78
Partnership enterprise				-10,718.89		543,732,391.41				543,721,672.52	-10,718.89
Trust plans						30,000,000.00				30,000,000.00	
Total	585,219,438.56			-66,936,911.33		600,438,101.80		102,999,941.61		1,015,720,687.42	-66,936,911.33

## 3. Fair value of financial assets and financial liabilities not measured at fair value

The difference between the book value and fair value of the Group's financial assets and financial liabilities not measured at fair value is not significant.

## X. RELATED PARTIES AND RELATED TRANSACTIONS

### 1. Related parties with controlling relationship

Names of related parties	Registration place	Nature of business	Registered capital RMB 0'000	Shareholding (%)	Voting (%)
Anhui Boya	Hefei	Industry investment	10,000	32.44	32.44
Shenzhen Langrun Group Co., Ltd.	Shenzhen	Industry investment	5,000	10.96	10.96
Wuhu Houshi Trading Co., Ltd.	Wuhu	Industry investment	500	8.83	8.83

The chairman of the Company Li Houwen and his spouse Liu Yang are the actual controllers of Anhui Boya, Shenzhen Langrun Group Co., Ltd. and Wuhu Houshi Trading Co., Ltd., so the actual controllers of the Company are Li Houwen and his spouse Liu Yang.

In 2022 and 2021, the Company has no related transactions with its shareholders Anhui Boya, Shenzhen Langrun Group Co., Ltd., and Wuhu Houshi Trading Co., Ltd.

### 2. The related parties that have transactions with the Group are as follows:

Names of related parties	Relationships with the Company
Bengbu Quanrui Trading Co., Ltd.	Company controlled by actual controllers
Shanghai Dongxing Investment Holding Development Co., Ltd.	Shareholders with significant influence
Chang An Property and Liability Insurance Ltd.	Associate
Bozhou Goho Ancheng Asset Management Co., Ltd.	Associate
Yuexi Goho Asset Management Co., Ltd.	Associate
Anhui Chenyao Private Equity Fund Management Co., Ltd.	Associate
Wuhu Goho Wenxin Asset Management Co., Ltd.	Associate
Shanghai Houyouan Asset Management Co., Ltd.	Associate
Wuhu Chuheng Investment Management Center (LLP)	Joint ventures
Tongling Zhifang Enterprise Management Center (LLP)	Joint ventures
Ziya (Beijing) Network Technology Co., Ltd.	Joint ventures
Funan County Longhu Zun Goho Asset Management Co., Ltd.	Joint ventures
Huaiyuan Dayu Goho Asset Management Co., Ltd.	Joint ventures
Huaibei Goho Jiantou Asset Management Co., Ltd.	Joint ventures
Wuhu Liantai Investment Management Center (LLP)	Joint ventures
Suzhou Goho Chengtou Asset Management Co., Ltd.	Joint ventures
Mingguang Goho Asset Management Co., Ltd.	Joint ventures
Xuancheng Chengbei Asset Restructuring Partnership (LLP)	Joint ventures
Wuhu Chenghe Investment Management Center (LLP)	Joint ventures
Wuhu Hangxi Enterprise Management Center (LLP)	Joint ventures

Names of related parties	Relationships with the Company
Dahan Private Equity Fund Management Co., Ltd.	Joint ventures
Wuhu Shutai Enterprise Management Center (LLP)	Joint ventures
Li Shuangquan	Associated natural person

### 3. Transactions and balances with companies controlled by actual controllers

In 2022 and 2021, the Company has no transactions with companies controlled by actual controllers.

### 4. Transactions and balances with shareholders who have significant influence on the Group

Shanghai Dongxing Investment Holding Development Co., Ltd. holds 13.24% of the Company's shares. Details of major balances and transactions are as follows:

#### (1) Balance of receivables and payables between the Group and Shanghai Dongxing Investment Holding Development Co., Ltd.

Items	31/12/2022	31/12/2021
Contract liabilities - project deferred income	262,560.85	4,696,016.77
Other liabilities - other payables	58,044,431.92	53,550,000.02

#### (2) The transactions between the Group and Shanghai Dongxing Investment Holdings Development Co., Ltd.

Items	2022	2021
Fee and commission income	4,433,455.92	2,851,153.07
Interest expenses	4,494,431.90	4,638,888.89

### 5. Transactions and balances with joint ventures/associates of the Group

Transactions between the Group and joint ventures/associates are carried out by normal commercial conditions, based on normal transaction prices, and by normal business procedures.

#### (1) Balance of receivables and payables between the Group and joint ventures/associates

Items	31/12/2022	31/12/2021
Other assets - fund lending		50,149,518.66
Accounts receivable	1,408,353.99	338,679.25
Other assets - prepayments	4,698,794.04	90,300,000.00
Other assets - other accounts receivables	360,010.00	
Other assets - interest receivable		2,050,766.71
Financial assets sold under repurchase agreements	104,760,151.70	189,194,924.52
Other liabilities - other payables	406,394,269.12	80,844,800.89
Other liabilities - others	3,388,073.40	

#### (2) The transactions between the Group and joint ventures/associates

Items	2022	2021
Fee and commission income	10,925,029.01	5,372,323.76
Interest income		1,878,085.72
Fee and commission expenses	4,890,266.57	3,942,477.92
Interest expenses	21,833,072.84	14,278,923.87
General and administrative expenses	281,688.50	1,771,820.55

## 6. Transactions and balances between the Company and its subsidiaries

Please refer to Note VII for details of the main subsidiaries of the Company. Transactions between the Company and its subsidiaries are conducted under normal business conditions and at the transaction price agreed upon in the agreement and by normal business procedures.

### (1) Balance of accounts receivable and payable between the Company and its subsidiaries

Items	31/12/2022	31/12/2021
Other assets - accounts receivable due from subsidiaries	311,216,232.04	18,408,866.84
Other assets - dividends receivable		1,643,577.77
Other liabilities - other payables	2,188,267,918.29	2,795,008,134.92
Other liabilities - accounts payable	4,160,509.25	135,245.58

### (2) The transactions between the Company and its subsidiaries

Items	2022	2021
Fee and commission income	39,001.12	
Interest income	1,870,568.79	451,325.51
Fee and commission expenses	11,294,699.63	9,491,080.23
Interest expenses	49,979,577.31	120,236,062.55
General and administrative expenses	257,740.84	1,589,739.33

## 7. Guarantee for related parties

(1) The Company provides guarantees for overseas US dollar bonds issued by a subsidiary, as detailed in Note V. 18. The Company provides guarantees for bank borrowings of RMB 75 million of Tongling Guohou which is the Company's subsidiary. If the above companies can't repay the loan on time, the Company shall undertake joint and several repayment responsibilities.

(2) On 22 January 2021, the major shareholders of the Group, Anhui Boya, Shenzhen Langrun Group Co., LTD., and Wuhu Houshi Trading Co., LTD., pledged 854.65 million shares, 288.760619 million shares and 174.4175 million shares of the Company respectively to Hefei Branch of Jiujiang Bank Co., Ltd., and provide counter guarantee for the Company's standby letter of credit of US\$102.25 million for 3 years.

(3) The Company provides counter guarantee to the guarantors of the subsidiaries' borrowings with its equity of the subsidiaries, as detailed in Note V. 13 and V. 19.

(4) Li Shuangquan, an associated natural person of the Group, provides guarantee for the Company's borrowings, as detailed in Note V. 13.

## 8. Key management personnel compensation

Items	2022	2021
Compensation of key management personnel	29,918,899.89	19,136,207.63

The above key management personnel include directors, general managers, deputy general managers, financial controller, and those who perform similar policy functions.

## XI. CAPITAL MANAGEMENT

The Group manages capital by optimizing the structure of liabilities and shareholders' equity to ensure that the entities within the group can continue to operate while maximizing returns to shareholders. The Group's overall strategy remains the same as last year.

The Group's capital structure consists of the Group's net debt (the net amount of borrowings, financial assets sold under repurchase agreements, bonds payable, other payables, long-term payables, and cash and bank balances as disclosed in Note V) and shareholders' equity (including paid-in capital, capital reserve, other comprehensive income, surplus reserve, retained profits, and minority interests).

The Group is not subject to external mandatory capital management requirements. The Company's Board of Directors regularly reviews the capital structure and considers the cost of capital and the risks associated with each type of capital. The Group will balance the overall capital structure by issuing new shares, and borrowings or issuing bonds. The asset-liability ratio of the Group was 61.40% as of 31 December 2022 (31 December 2021: 60.78%).

## XII. COMMITMENTS AND CONTINGENCIES

### 1. Important commitments

#### (1) Capital commitment

As of 31 December 2022, the Group's external investment commitments that have been signed but not yet confirmed in the financial statements amounted to RMB 5,640.6546 million (31 December 2021: RMB 333.336 million).

As of 31 December 2022, the Company's external investment commitments that have been signed but not yet confirmed in the financial statements amounted to RMB 654.4976 million (31 December 2021: RMB 364.90 million).

#### (2) Acquisition commitment

On 31 December 2022, the maximum credit risk exposure corresponding to the forward debt acquisition commitments issued by the Company was RMB 1,139.0445 million (31 December 2021: RMB 1,092.1658 million).

### 2. Contingencies

On September 9, 2021, the Company pledged RMB 470 million of creditor's rights of Anhui Yinghong Investment Co., Ltd. for the commercial acceptance bill of the third party company;

at the same time, the Company pledged another RMB 470 million of creditor's rights of Anhui Yinghong Investment Co., Ltd. for the commercial acceptance bill of the another third party company; the pledged period of 12 months, due on December 8, 2022. The above two commercial acceptance bills were be extended for 6 months after maturity, and the Company pledged RMB 500 million of creditor's rights of Anhui Yinghong Investment Co., Ltd. each for the above two commercial acceptance bills. The maturity date is June 2, 2023. If the above two third-party companies fail to fulfill the debts, the Company shall undertake joint and several repayment responsibilities.

On July 13, 2022, the Company, as the guarantor, provided a guarantee for a working capital loan of RMB 120 million yuan to a third party company for a period of one year. If the above third party company fails to fulfill the due debt, the Company shall undertake joint and several repayment responsibilities. On the same day, the third party company provided the counterguarantee for the guarantee with its holding of 42,913,200 yuan equity in Zhejiang Juzhou Commercial Bank.

On December 14, 2022, the Company, as the guarantor, provided a guarantee for a working capital loan of RMB 150 million yuan to a third party company for a period of one year. If the above third party company fails to fulfill the due debt, the Company shall undertake joint and several repayment responsibilities.

On December 27, 2022, the Company pledged RMB 500 million of creditor's rights of Anhui Yinghong Investment Co., Ltd. for the commercial acceptance bill of the third party company; at the same time, the Company pledged another RMB 500 million of creditor's rights of Anhui Yinghong Investment Co., Ltd. for the commercial acceptance bill of the another third party company. The maturity date is June 21, 2023. If the above two third-party companies fail to fulfill the debts, the Company shall undertake joint and several repayment responsibilities.

### **XIII. EVENTS AFTER THE BALANCE SHEET DATE**

As of April 26, 2023, the Company's restricted bank deposits due to contract disputes involved in litigation were RMB 86,865,256.18.

**Goho Asset Management Co., Ltd.**  
**April 27, 2023**

**GOHO ASSET MANAGEMENT CO., LTD.**

**AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER  
2023**

**XIN KUAI SHI BAO ZI [2024] NO. ZG30502**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**IF THERE IS ANY CONFLICT BETWEEN  
THE CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION  
WILL PREVAIL**

**Goho Asset Management Co., Ltd.**  
**Auditor's Report and Financial Statements**  
(From 1 January 2023 to 31 December 2023)

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## Auditor's Report

Xin Kuai Shi Bao Zi [2024] No. ZG30502

To Goho Asset Management Co., Ltd.:

### I. Opinion

We have audited the accompanying financial statements of Goho Asset Management Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and company's balance sheets as at 31 December 2023, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2023 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### III. Going-concern of the Major Uncertainties

We draw attention to Note II 2. to the financial statements, which states that, in 2022 and 2023, the Company has recorded successive losses and its profitability has been declining. As at 31 December, 2023, the total amount of interest bearing liabilities of the Company was RMB 6,216.824 million, including RMB 2,810.6663 million that will mature within one year. The company's financing ability has declined, and its liquidity risk is relatively high. These matters and situations, along with other matters as set forth in Note II 2. to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **V. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**BDO CHINA Shu Lun Pan**  
**Certified Public Accountants LLP**

**Certified Public Accountant of China:**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 30, 2024**

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AT 31 DECEMBER, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes V	31/12/2023	31/12/2022
<b>Assets:</b>			
Cash and bank balances	1	143,215,476.67	434,016,321.35
Financial assets held under resale agreements			
<b>Financial investments</b>			
Held-for-trading financial assets	2	887,939,647.99	1,026,415,715.99
Debt investments	2	1,070,331,351.82	3,236,986,648.01
Other debt investments			
Investment in other equity instruments			
Accounts receivable	3	23,625,119.63	24,541,169.21
Long-term equity investments	4	7,827,599,782.17	6,800,682,043.33
Investment properties	5	648,861,677.08	683,355,298.33
Fixed assets	6	77,965,469.77	82,409,445.13
Right-of-use assets	7	8,976,333.04	30,795,931.76
Intangible assets	8	2,831,213.16	3,227,230.15
Goodwill			
Deferred tax assets	9	5,614,945.85	39,122,996.30
Other assets	10	491,565,678.71	497,015,005.80
<b>TOTAL ASSETS</b>		<b>11,188,526,695.89</b>	<b>12,858,567,805.36</b>
<b>Liabilities</b>			
Short-term borrowings	13	202,505,937.64	260,505,411.82
Financial assets sold under repurchase agreements	14	174,984,670.94	324,049,023.28
Contract liabilities	15	71,654,959.98	174,342,996.11
Employee benefits payable	16	3,441,429.97	3,745,241.56
Taxes payable	17	44,000,158.02	54,109,288.23
Bonds payable	18	3,561,418,771.56	3,675,444,774.86
Long-term borrowings	19	1,773,491,034.40	1,707,907,529.09
Lease liabilities	20	10,272,886.61	31,565,697.66
Deferred tax liabilities	9	154,548.61	2,788,862.32
Others liabilities	21	1,204,101,875.64	1,660,507,293.00
<b>Total Liabilities</b>		<b>7,046,026,273.37</b>	<b>7,894,966,117.93</b>
<b>Shareholders' equity:</b>			
Capital stock	22	2,792,428,941.00	2,792,428,941.00
Other equity instruments	23	1,276,322,635.95	1,274,550,377.97
Other comprehensive income	24	-440,915.25	56,946,965.44
Surplus reserve	25	137,924,008.18	137,924,008.18
Undistributed profits	26	-371,290,338.38	314,878,226.56
Total equity attributable to equity holders of the company		3,834,944,331.50	4,576,728,519.15
Minority shareholders' equity		307,556,091.02	386,873,168.28
<b>Total shareholder's equity</b>		<b>4,142,500,422.52</b>	<b>4,963,601,687.43</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,188,526,695.89</b>	<b>12,858,567,805.36</b>

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**COMPANY'S BALANCE SHEET**  
**AT 31 DECEMBER, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes V	31/12/2023	31/12/2022
<b>Assets:</b>			
Cash and bank balances	1	90,960,071.87	384,483,335.04
Financial assets held under resale agreements			
<b>Financial investments</b>			
Held-for-trading financial assets	2	192,059,691.66	407,610,730.35
Debt investments	2	954,361,310.12	3,076,062,751.79
Other debt investments			
Investment in other equity instruments			
Accounts receivable	3	2,621,553.99	2,621,553.99
Long-term equity investments	4	3,110,827,232.22	8,319,882,831.35
Investment properties			
Fixed assets	6	457,433.00	743,892.26
Right-of-use assets	7	11,611,721.18	29,794,627.53
Intangible assets	8	1,592,264.31	1,726,952.14
Goodwill			
Deferred tax assets	9		33,205,069.63
Other assets	10	6,501,646,280.33	520,043,675.49
<b>TOTAL ASSETS</b>		<b>10,866,137,558.68</b>	<b>12,776,175,419.57</b>
<b>Liabilities</b>			
Short-term borrowings	13	131,329,847.21	180,295,801.39
Financial assets sold under repurchase agreements	14	151,682,902.34	316,749,023.28
Contract liabilities	15	62,075,658.09	150,741,291.36
Employee benefits payable	16	2,254,571.83	1,605,922.66
Taxes payable	17	37,325,900.23	38,543,542.54
Bonds payable	18	2,225,920,954.64	2,362,404,344.15
Long-term borrowings	19	1,773,491,034.40	1,688,874,769.92
Lease liabilities	20	14,050,255.67	30,922,843.46
Deferred tax liabilities			
Others liabilities	21	2,945,575,664.88	3,546,183,530.97
<b>Total Liabilities</b>		<b>7,343,706,789.29</b>	<b>8,316,321,069.73</b>
<b>Shareholders' equity:</b>			
Capital stock	22	2,792,428,941.00	2,792,428,941.00
Other equity instruments	23	1,276,322,635.95	1,274,550,377.97
Other comprehensive income	24		57,360,901.09
Surplus reserve	25	138,324,008.18	138,324,008.18
Undistributed profits	26	-684,644,815.74	197,190,121.60
<b>Total shareholder's equity</b>		<b>3,522,430,769.39</b>	<b>4,459,854,349.84</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,866,137,558.68</b>	<b>12,776,175,419.57</b>

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes V	2023	2022
<b>I. Total operating income</b>		484,002,214.05	549,299,123.05
Debt investments income	27	76,728,539.66	7,577,331.75
Net gains on disposal of distressed assets	28	16,639,005.05	-1,300,539.36
Fee and commission income	29	228,796,396.53	442,057,818.40
Interest income	30	16,581,373.58	30,089,157.09
Investment income (loss indicated with "-")	31	174,070,444.48	177,645,691.65
Including: income from investments in associates and joint ventures		185,547,577.63	175,726,057.29
Net exposure hedging gains(loss indicated with "-")			
Other income	32	3,967,242.07	31,863,213.28
Gains or losses from changes in fair value (losses are indicated with "-")	33	-30,412,845.77	-71,049,416.18
Exchange gains or losses (losses are indicated with "-")		-19,151,708.50	-87,624,527.69
Other operating income		16,520,242.37	20,038,789.11
Income from disposal of assets (loss indicated with "-")		263,524.58	1,605.00
<b>II. Total operating expenses</b>		1,111,636,675.30	868,135,896.22
Fee and commission expense	34	74,169,241.33	147,752,660.28
Interest expense	35	524,104,415.22	511,515,736.09
Taxes and surcharges	36	2,527,860.94	5,472,807.71
General and administrative expenses	37	106,389,938.19	155,631,599.68
Credit impairment loss	38	-34,258,931.20	12,119,457.92
Impairment losses of other assets	39	406,614,985.18	
Other operating expenses	40	32,089,165.64	35,643,634.54
<b>III. Operating profit (loss indicated with "-")</b>		-627,634,461.25	-318,836,773.17
Add: Non-operating income		1,183,328.45	106,033.27
Less: Non-operating expense		26,991.51	343,439.23
<b>IV. Total profit (total loss indicated with "-")</b>		-626,478,124.31	-319,074,179.13
Less: Income tax expense	41	41,426,117.93	10,018,582.39
<b>V. Net profit (net loss indicated with "-")</b>		-667,904,242.24	-329,092,761.52
(I) Classification by business continuity			
1. Net profit from continuing operations (net loss indicated with "-")		-667,904,242.24	-329,092,761.52
2. Net profit from discontinued operations (net loss indicated with "-")			
(II) Classification by ownership			
1. Net profit attributable to shareholders of the company (net loss is indicated with "-")		-686,168,564.94	-356,776,018.60
2. Profit and loss of minority shareholders (net loss expressed with "-")		18,264,322.70	27,683,257.08
<b>VI. Other comprehensive income-net of tax</b>		-57,387,880.69	41,174,206.73
Attributable to equity holders of the company		-57,387,880.69	41,174,206.73
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss		-57,387,880.69	41,174,206.73
1. Other comprehensive income available for transfer to profit or loss under the equity method		-57,360,901.09	42,940,040.45
2.Changes in fair value of other debt investments			
3.Changes in the fair value of available-for-sale financial assets			
4. Reclassification of financial assets recognized in other comprehensive income			
5. Provision for credit impairment of other debt investments			
6. Foreign currency translation differences		-26,979.60	-1,765,833.72
7. Other			
Other comprehensive income attributable to the owner of the minority shareholder, net of tax			
<b>VII. Total comprehensive income</b>		-725,292,122.93	-287,918,554.79
Total comprehensive income attributable to shareholders of the company		-743,556,445.63	-315,601,811.87
Total comprehensive income attributable to minority shareholders		18,264,322.70	27,683,257.08

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**COMPANY'S INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes V	2023	2022
<b>I. Total operating income</b>		162,618,934.19	338,124,226.70
Debt investments income	27	68,326,809.83	-9,079,532.35
Net gains on disposal of distressed assets	28	16,639,005.05	-1,300,539.36
Fee and commission income	29	149,039,500.61	323,646,818.86
Interest income	30	3,096,900.46	14,353,697.17
Investment income (loss indicated with "-")	31	-36,997,289.16	140,275,678.62
Including: income from investments in associates and joint ventures		-75,888,155.59	114,621,648.91
Net exposure hedging gains(loss indicated with "-")			
Other income	32	342,182.30	24,066,682.02
Gains or losses from changes in fair value (losses are indicated with "-")	33	-19,259,501.28	-65,560,132.92
Exchange gains or losses (losses are indicated with "-")		-18,789,863.55	-88,544,867.36
Other operating income			266,422.02
Income from disposal of assets (loss indicated with "-")		221,189.93	
<b>II. Total operating expenses</b>		1,011,223,833.35	778,630,383.05
Fee and commission expense	34	61,668,923.38	116,594,419.37
Interest expense	35	523,050,030.90	575,509,666.89
Taxes and surcharges	36	344,796.87	2,263,895.53
General and administrative expenses	37	60,498,887.79	89,234,083.82
Credit impairment loss	38	-40,953,790.77	-4,979,894.58
Impairment losses of other assets	39	406,614,985.18	
Other operating expenses	40		8,212.02
<b>III. Operating profit (loss indicated with "-")</b>		-848,604,899.16	-440,506,156.35
Add: Non-operating income		31.45	0.96
Less: Non-operating expense		25,000.00	263,518.80
<b>IV. Total profit (total loss indicated with "-")</b>		-848,629,867.71	-440,769,674.19
Less: Income tax expense	41	33,205,069.63	-14,323,938.20
<b>V. Net profit (net loss indicated with "-")</b>		-881,834,937.34	-426,445,735.99
(I) Classification by business continuity			
1. Net profit from continuing operations (net loss indicated with "-")		-881,834,937.34	-426,445,735.99
2. Net profit from discontinued operations (net loss indicated with "-")			
<b>VI. Other comprehensive income-net of tax</b>		-57,360,901.09	42,940,040.45
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss		-57,360,901.09	42,940,040.45
1. Other comprehensive income available for transfer to profit or loss under the equity method		-57,360,901.09	42,940,040.45
2.Changes in fair value of other debt investments			
3.Changes in the fair value of available-for-sale financial assets			
4. Reclassification of financial assets recognized in other comprehensive income			
5. Provision for credit impairment of other debt investments			
6. Foreign currency translation differences			
7. Other			
<b>VII. Total comprehensive income</b>		-939,195,838.43	-383,505,695.54

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**CONDOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes	2023	2022
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net decrease in financial assets held for trading and net income from disposal of distressed assets		385,179,826.35	113,929,712.89
Cash received from interest, fees and commissions		170,696,296.81	549,342,945.97
Net decrease in financial assets purchased under resale agreements			
Net decrease in lending			216,464,947.26
Net decrease in debt investments		2,212,662,465.71	4,769,714,942.34
Cash receipts from borrowings		192,000,000.00	168,000,000.00
Other cash receipts relating to operating activities		211,612,168.58	508,923,785.19
<b>Subtotal of cash inflow from operating activities</b>		<b>3,172,150,757.45</b>	<b>6,326,376,333.65</b>
Cash paid for interest, fees and commissions		384,258,160.58	362,884,141.32
Net increase in lending			
Cash payments to and on behalf of employees		58,107,389.81	126,307,511.73
Cash repayments of borrowings		243,926,127.30	439,106,800.00
Net cash payments from financial assets sold under repurchase agreements		158,429,601.92	34,144,062.85
Payments of various types of taxes		31,963,035.46	150,834,997.10
Other cash payments relating to operating activities		435,935,029.25	121,258,841.10
<b>Subtotal of cash outflows from operating activities</b>		<b>1,312,619,344.32</b>	<b>1,234,536,354.10</b>
<b>Net cash flow from operating activities</b>	42	<b>1,859,531,413.13</b>	<b>5,091,839,979.55</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investments		139,476,734.57	610,000.00
Cash received from investment income		19,447,046.91	49,428,380.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		372,864.51	2,753.66
Net cash received from disposal of subsidiaries and other business units		16,396,372.47	
Cash received from other investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>175,693,018.46</b>	<b>50,041,133.87</b>
Cash paid to acquire investments		1,996,736,614.59	5,426,012,391.41
Cash paid to acquire fixed assets, intangible assets and other long-term assets		158,679.99	47,486,490.64
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>1,996,895,294.58</b>	<b>5,473,498,882.05</b>
<b>Net cash flow from investing activities</b>		<b>-1,821,202,276.12</b>	<b>-5,423,457,748.18</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash received from absorbing investments			
Including: Cash received from subsidiaries absorbing minority shareholder investments			
Cash received from issuance of bonds			1,223,000,000.00
Cash received relating to other financing activities			
<b>Subtotal of cash inflows from financing activities</b>			<b>1,223,000,000.00</b>
Cash paid for debt repayment		168,809,435.52	970,698,000.00
Cash paid for dividend, profit distribution or interest payment		121,123,085.23	229,970,641.18
Including: Dividends and profits paid by subsidiaries to minority shareholders		33,750,000.00	19,831,819.94
Payment of lease		27,595,893.95	12,080,982.52
Cash paid relating to other financing activities		4,430,176.14	112,498,964.39
<b>Subtotal of cash outflows from financing activities</b>		<b>321,958,590.84</b>	<b>1,325,248,588.09</b>
<b>Net cash flow from financing activities</b>		<b>-321,958,590.84</b>	<b>-102,248,588.09</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>-845,947.33</b>	<b>-666,667.54</b>
<b>V. Net increase in cash and cash equivalents</b>	42	<b>-284,475,401.16</b>	<b>-434,533,024.26</b>
Add: Opening balance of cash and cash equivalents		338,114,919.01	772,647,943.27
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	42	<b>53,639,517.85</b>	<b>338,114,919.01</b>

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**COMPANY'S STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	Notes V	2023	2022
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net decrease in financial assets held for trading and net income from disposal of discontinued operations		216,770,556.41	74,613,289.06
Cash received from interest, fees and commissions		85,890,845.57	428,152,460.18
Net decrease in lending			226,700,000.00
Net decrease in debt investments		535,187,629.38	4,800,095,270.41
Cash receipts from borrowings		114,000,000.00	58,000,000.00
Other cash receipts relating to operating activities		342,213.75	154,706,181.65
<b>Subtotal of cash inflow from operating activities</b>		<b>952,191,245.11</b>	<b>5,742,267,201.30</b>
Cash paid for interest, fees and commissions		368,563,466.40	429,892,106.07
Cash payments to and on behalf of employees		25,790,521.81	69,396,542.81
Cash repayments of borrowings		168,926,127.30	304,106,800.00
Net cash payments from financial assets sold under repurchase agreements		156,629,601.92	33,944,062.85
Payments of various types of taxes		3,448,309.27	140,333,489.12
Other cash payments relating to operating activities		317,085,673.29	907,480,546.37
<b>Subtotal of cash outflows from operating activities</b>		<b>1,040,443,699.99</b>	<b>1,885,153,547.22</b>
<b>Net cash flow from operating activities</b>	42	<b>-88,252,454.88</b>	<b>3,857,113,654.08</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investments			
Cash received from investment income		37,464,349.80	29,836,122.30
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		284,368.93	
Net cash received from disposal of subsidiaries and other business units		19,057,040.60	
Cash received from other investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>56,805,759.33</b>	<b>29,836,122.30</b>
Cash paid to acquire investments		91,627,875.00	4,400,733,391.41
Cash paid to acquire fixed assets, intangible assets and other long-term assets		158,679.99	389,000.31
Other cash payments relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>91,786,554.99</b>	<b>4,401,122,391.72</b>
<b>Net cash flow from investing activities</b>		<b>-34,980,795.66</b>	<b>-4,371,286,269.42</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash received from absorbing investments			
Cash received from issuance of bonds			1,223,000,000.00
Cash received relating to other financing activities			
<b>Subtotal of cash inflows from financing activities</b>			<b>1,223,000,000.00</b>
Cash paid for debt repayment		140,000,000.00	970,698,000.00
Cash paid for dividend, profit distribution or interest payment			153,859,540.01
Payment of lease		22,264,569.11	8,817,964.97
Cash paid relating to other financing activities			
<b>Subtotal of cash outflows from financing activities</b>		<b>162,264,569.11</b>	<b>1,133,375,504.98</b>
<b>Net cash flow from financing activities</b>		<b>-162,264,569.11</b>	<b>89,624,495.02</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>	42	<b>-285,497,819.65</b>	<b>-424,548,120.32</b>
Add: Opening balance of cash and cash equivalents		288,581,932.70	713,130,053.02
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	42	<b>3,084,113.05</b>	<b>288,581,932.70</b>

The accompanying notes form part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	For the year 2023							
	Equity attributable to equity holders of the company						Minority shareholders' equity	Total owners' equity
	Capital stock	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Sub-total		
I. Balance as at 31 December 2022	2,792,428,941.00	1,274,550,377.97	56,946,965.44	137,924,008.18	314,878,226.56	4,576,728,519.15	386,873,168.28	4,963,601,687.43
Plus: changes in accounting policies								
II. Balance as at 1 January 2023	2,792,428,941.00	1,274,550,377.97	56,946,965.44	137,924,008.18	314,878,226.56	4,576,728,519.15	386,873,168.28	4,963,601,687.43
III. Increases/ decreases in the current period		1,772,257.98	-57,387,880.69		-686,168,564.94	-741,784,187.65	-79,317,077.26	-821,101,264.91
(1) Total comprehensive income			-57,387,880.69		-686,168,564.94	-743,556,445.63	18,264,322.70	-725,292,122.93
(2) Capital contributed or reduced by owners		1,772,257.98				1,772,257.98	-68,088,261.32	-66,316,003.34
1. Common stock contributed by owners							-1,225,000.00	-1,225,000.00
2. Capital contributed by holders of other equity instruments								
3. Amounts of share-based payments recognized in owner's equity								
4. Others		1,772,257.98				1,772,257.98	-66,863,261.32	-65,091,003.34
(3) Profit distribution							29,493,138.64	29,493,138.64
1. Withdrawal of surplus reserves								
2. Distribution to owners (or shareholders)							37,343,509.63	37,343,509.63
3. Conversion to common stock dividends								
4. Others							-7,850,370.99	-7,850,370.99
(4) Internal carry-forward of owners' equity								
IV. Balance as at the December 31, 2023	2,792,428,941.00	1,276,322,635.95	-440,915.25	137,924,008.18	-371,290,338.38	3,834,944,331.50	307,556,091.02	4,142,500,422.52

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	For the year 2022							
	Equity attributable to equity holders of the company						Minority shareholders' equity	Total owners' equity
	Capital stock	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Sub-total		
I. Balance as at 31 December 2022	2,792,428,941.00	1,274,550,377.97	15,772,758.71	137,924,008.18	671,654,245.16	4,892,330,331.02	378,691,399.19	5,271,021,730.21
Plus: changes in accounting policies								
II. Balance as at 1 January 2023	2,792,428,941.00	1,274,550,377.97	15,772,758.71	137,924,008.18	671,654,245.16	4,892,330,331.02	378,691,399.19	5,271,021,730.21
III. Increases/ decreases in the current period			41,174,206.73		-356,776,018.60	-315,601,811.87	8,181,769.09	-307,420,042.78
(1) Total comprehensive income			41,174,206.73		-356,776,018.60	-315,601,811.87	27,683,257.08	-287,918,554.79
(2) Capital contributed or reduced by owners								
1. Common stock contributed by owners								
2. Capital contributed by holders of other equity instruments								
3. Amounts of share-based payments recognized in owner's equity								
4. Others								
(3) Profit distribution							-19,501,487.99	-19,501,487.99
1. Withdrawal of surplus reserves								
2. Distribution to owners (or shareholders)							-19,501,487.99	-19,501,487.99
3. Conversion to common stock dividends								
4. Others								
(4) Internal carry-forward of owners' equity								
(5) Others								
IV. Balance as at the December 31, 2023	2,792,428,941.00	1,274,550,377.97	56,946,965.44	137,924,008.18	314,878,226.56	4,576,728,519.15	386,873,168.28	4,963,601,687.43

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	For the year 2023					
	Equity attributable to equity holders of the company					
	Capital stock	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance as at 31 December 2022	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84
Plus: changes in accounting policies						
II. Balance as at 1 January 2023	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84
III. Increases/ decreases in the current period		1,772,257.98	-57,360,901.09		-881,834,937.34	-937,423,580.45
(1) Total comprehensive income			-57,360,901.09		-881,834,937.34	-939,195,838.43
(2) Capital contributed or reduced by owners		1,772,257.98				1,772,257.98
1. Common stock contributed by owners						
2. Capital contributed by holders of other equity instruments						
3. Amounts of share-based payments recognized in owner's equity						
4. Others		1,772,257.98				1,772,257.98
(3) Profit distribution						
1. Withdrawal of surplus reserves						
2. Distribution to owners (or shareholders)						
3. Conversion to common stock dividends						
4. Others						
(4) Internal carry-forward of owners' equity						
IV. Balance as at the December 31, 2023	2,792,428,941.00	1,276,322,635.95		138,324,008.18	-684,644,815.74	3,522,430,769.39

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**GOHO ASSET MANAGEMENT CO.,LTD.**  
**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Amounts in RMB Yuan,unless otherwise stated)**

Items	For the year 2022					
	Equity attributable to equity holders of the company					
	Capital stock	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance as at 31 December 2022	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84
Plus: changes in accounting policies						
II. Balance as at 1 January 2023	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84
III. Increases/ decreases in the current period		1,772,257.98	-57,360,901.09		-881,834,937.34	-937,423,580.45
(1) Total comprehensive income			-57,360,901.09		-881,834,937.34	-939,195,838.43
(2) Capital contributed or reduced by owners		1,772,257.98				1,772,257.98
1. Common stock contributed by owners						
2. Capital contributed by holders of other equity instruments						
3. Amounts of share-based payments recognized in owner's equity						
4. Others		1,772,257.98				1,772,257.98
(3) Profit distribution						
1. Withdrawal of surplus reserves						
2. Distribution to owners (or shareholders)						
3. Conversion to common stock dividends						
4. Others						
(4) Internal carry-forward of owners' equity						
IV. Balance as at the December 31, 2023	2,792,428,941.00	1,274,550,377.97	57,360,901.09	138,324,008.18	197,190,121.60	4,459,854,349.84

The accompanying notes from part of the financial statements.

Legal Representative:

President in Charge of Finance and Accounting:

Head of Finance and Accounting Department:

**Goho Asset Management Co., Ltd.**  
**Notes to the financial statements**  
**For the year ended 31 December 2023**  
**(Amounts in RMB Yuan, unless otherwise stated)**

**I. GENERAL**

**1. Company Overview**

Goho Asset Management Co., Ltd. (the "Company"), formerly known as Anhui Goho Financial Assets Management Co., Ltd. and Goho Financial Assets Management Co., Ltd., was incorporated in Wuhu City, Anhui Province on 29 April 2014, with the actual controller of the Company being Li Houwen and his spouse Liu Yang, and the legal representative being Mr. Li Houwen. With a registered capital of RMB 2,634,366,925.00, the Company was approved by the Wuhu Market Supervision Administration to obtain the Business License for Enterprise's Legal Person with a unified social credit code of 91340207098681720A, with no fixed business period. As of 31 December 2022, the registered capital of the Company was RMB 2,792,428,941.00.

The principal scope of business of the Company includes assets acquisition, management and disposal of assets, asset reorganization, accepting entrustment or entrusting to manage and dispose assets, asset management advisory (except for items that involve pre-license).

The principal scope of business of its subsidiaries includes assets acquisition, fund management, investment management, asset management, project investment, equity investment, debt investment, acting as an agent for distressed assets recovery, financial services for SME, establishment and processing of data base, advertising design, business management advisory service, corporate financial consulting, education consultation, education training(except for education for academic qualification).

The Company and its subsidiaries are collectively referred to as the Group.

This financial statements have been approved by the Company's management on April 30, 2024.

**2. Scope of Consolidated Financial Statements**

The relevant information of the Company's subsidiaries, please refer to "VII. Equity in other entities".

**II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**1. Basis of preparation**

This financial statement is prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as "ASBE") issued by the Ministry of Finance of the People's Republic of China.

## **2. Going concern**

This financial statement is prepared on a going concern basis.

The Group suffered consecutive losses in 2022 and 2023, with net loss attributable to the parent company of RMB 356.776 million and RMB 686.1686 million respectively, indicating a continuous decline in profitability. As of 31 December 2023, the Group's total interest bearing liabilities amounted to RMB 6,216.824 million, of which RMB 2,810.6663 million was due within one year, indicating a decrease in financing capacity and high liquidity risk. The above matters indicate the existence of situations that may lead to significant doubts about the company's ability to continue as a going concern.

In view of the above situation, the Group intends to take the following measures:

1. Comprehensive use of multiple means to alleviate the debt repayment pressure in 2024.
  2. Dispose of core assets to solve all debt problems and strengthen the ability to continue operating.
- The above measures have made certain progress, as detailed in Note XIV, Other Important Matters. Based on the above, the management of the company believes that the company has the ability to continue operating for the next 12 months, and it is appropriate to prepare the financial statements on a going concern basis. As of the date of this report, the management is actively promoting the implementation of the above measures. However, there is still uncertainty in implementing the above measures.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### **1. Statement of compliance with the ASBE**

The financial statements present truly and completely, the consolidated and Company's financial positions as at 31 December 2023 and the consolidated and Company's operating results and the cash flows for the period ended 2023 in accordance with Accounting Standards for Business Enterprises.

### **2. Accounting period**

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

### **3. Operating cycle**

The Group's operating cycle is 12 months.

### **4. Functional currency**

The Company and its domestic subsidiaries use Renminbi ("RMB") as the standard currency for accounting. The overseas subsidiaries of the Company determine Hong Kong dollars and U.S. dollars as their functional currencies according to the currencies in the main economic environment in which they operate. The Group adopts RMB to prepare the consolidated financial statements.

### **5. Accounting treatment method for business combination involving enterprises under common control and not involving enterprises under common control**

Business combinations involving enterprises under common control: the assets and liabilities acquired by the combining party in the business combination (including the goodwill formed by the acquisition of the combined party by the ultimate controlling party) shall be recorded in the combined financial statements of the ultimate controlling party according to the assets and liabilities

of the combined party on the combination date. The book value is based on the measurement. The difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total face value of the issued shares) shall be adjusted to the share premium in the capital reserve. If the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

Business combinations not involving enterprises under common control: the cost of the combination is the fair value of the assets paid by the acquirer, the liabilities incurred or assumed, and the equity securities issued by the acquirer to obtain the control right of the acquiree on the acquisition date. The difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill; the difference between the merger cost and the fair value of the identifiable net assets of the acquiree obtained in the merger is included in the current profit and loss. The identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the merger that meet the recognition conditions are measured at fair value on the acquisition date.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred; the transaction costs of issuing equity securities or debt securities for a business combination are recognized in the initial confirmation amount of equity securities or debt securities.

## **6. Preparation of consolidated financial statements**

### **(1) Scope of consolidation**

The scope of consolidation of consolidated financial statements is determined based on control, and the scope of consolidation includes the Company and all its subsidiaries. Control represent that the investor has power over the investee and is entitled to variable return by participating the investee's relevant activities, and can use its power over the investee to affect its return.

### **(2) Combination procedure**

The Group regards the entire enterprise group as an accounting subject, and prepares consolidated financial statements under unified accounting policies, reflecting the overall financial status, operating results and cash flows of the enterprise group. The effect of intra-group transactions between the Company and subsidiaries on consolidated financial statements is eliminated on consolidation. If the internal transaction indicates that the relevant assets have suffered impairment loss, the full amount of the loss shall be recognized. If the significant accounting policies and accounting periods adopted by the subsidiaries are inconsistent with the Company's, necessary adjustments shall be set out by the Group accounting policies and accounting periods when preparing the consolidated financial statements.

The subsidiary's owner's equity, current net profit and loss and current comprehensive income belonging to minority shareholders are listed separately under the item of owner's equity in the consolidated balance sheet, the item of net profit in the consolidated income statement and the item of total comprehensive income. When the amount of loss for the period attributable to the minority

shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

i. Add a subsidiary or business

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flow from the beginning of the current period to the end of the reporting period of the subsidiary or business combination shall be included in the consolidated financial statements, and the opening balance and The relevant items in the comparative statement are adjusted, and it is deemed that the consolidated reporting entity has been in existence since the ultimate controlling party started to control.

Over the investee under the same control due to additional investment and other reasons, the equity investment held before the acquisition of the control of the merged party shall be in the same place as the merging party and the merged party on the date of obtaining the original equity. Relevant gains and losses, other comprehensive income, and other changes in net assets have been recognized from the date of control to the date of combination, whichever is later, and offset the retained earnings at the beginning of the period or the current gains and losses respectively during the comparative statement period.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, the fair value of the identifiable assets, liabilities, and contingent liabilities determined on the purchase date shall be incorporated into the consolidated financial statements from the purchase date.

Not under the same control due to additional investment or other reasons, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the fair value is equal to its book value. The difference in value is included in the current investment income. Other comprehensive income that can be reclassified into profit or loss and other changes in owner's equity under the equity method accounting related to the equity of the acquiree held before the purchase date are transferred to the current investment income on the purchase date.

ii. Disposal of subsidiaries

① General treatment method

When the control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the sum of the share of the original subsidiary's net assets calculated continuously from the purchase date or the merger date according to the original shareholding ratio and the goodwill, the difference is charged into the investment income in the current period when the control right is lost. Other comprehensive income related to the original subsidiary's equity investment that can be reclassified into profit or loss in the future, and other changes in owners' equity under the equity method, are converted to investment income for the current period when control is lost.

② Dispose of subsidiaries step by step

If the equity investment in the subsidiary is disposed of step by step through multiple transactions until the control is lost, the terms, conditions, and economic impact of each transaction of the

disposal of the equity investment in the subsidiary meet one or more of the following conditions, which usually indicates that the multiple transactions The matter is a package deal:

- (i) The transactions were entered into simultaneously or concerning mutual influence;
- (ii) These transactions as a whole can achieve a complete commercial result;
- (iii) The occurrence of one transaction is contingent on the occurrence of at least one other transaction;
- (iv) A transaction is not economical on its own, but it is economical when considered in combination with other transactions.

If each transaction belongs to a package of transactions, each transaction shall be accounted for as a transaction that disposes of a subsidiary and loses control; each disposal price before the loss of control corresponds to the share of the net assets of the subsidiary corresponding to the disposal investment. The difference is recognized as other comprehensive income in the consolidated financial statements and is transferred to the profit and loss of the current period when the control is lost.

If each transaction does not belong to a package of transactions, before the loss of control, the accounting treatment of the equity investment in the subsidiary shall be carried out according to the partial disposal without losing control; when the control is lost, the accounting shall be carried out according to the general treatment method of disposal of the subsidiary.

### iii. Purchase of minority stakes in subsidiaries

Adjust the capital reserve in the consolidated balance sheet for the difference between the long-term equity investment newly acquired due to the purchase of minority equity and the share of net assets that the subsidiary should enjoy continuously calculated from the date of purchase or the date of combination calculated according to the proportion of newly increased shareholding. If the share premium (or capital premium) in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

### iv. Partial disposal of equity investment in subsidiaries without losing control

disposal price and the disposal of the long-term equity investment corresponding to the share of net assets of the subsidiary that has been continuously calculated since the date of purchase or the date of consolidation, adjust the share premium (or capital premium) in the capital reserve in the consolidated balance sheet, If the share premium (or capital premium) in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

## **7. Classification of joint arrangements and accounting for joint operations**

Joint arrangements are divided into joint operations and joint ventures.

Joint operation refers to a joint arrangement in which the joint venture party enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement.

The Group confirms the following items related to the share of interests in the joint operation:

- (1) Recognize the assets held by the Group individually, and recognize the assets jointly held by the Group.
- (2) Recognize the liabilities borne by the Group alone, and the liabilities borne jointly by the Group.
- (3) Recognize the income generated from the sale of the output share of the joint operation enjoyed by the Group.

(4) Recognize the income generated by the joint operation due to the sale of output according to the share of the Group.

(5) Recognize the expenses incurred individually, and recognize the expenses incurred by joint operation according to the share of the Group.

The Group's investment in joint ventures is accounted for by the equity method. For details, please refer to "III.11 Long-term equity investments".

## **8. Criteria for determining cash and cash equivalents**

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

## **9. Foreign currency business and foreign currency statement translation**

### **(1) Foreign currency business**

For foreign currency business, the spot exchange rate on the transaction date is used as the conversion rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items on the balance sheet date is translated at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom, except for the exchange difference arising from the foreign currency special borrowing related to the purchase and construction of assets eligible for capitalization, shall be calculated according to the capital of borrowing costs. In addition to the principle of processing, it is included in the current profit and loss.

### **(2) Translation of foreign currency financial statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; except for the item of "undistributed profit", other items of owner's equity shall be translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement shall be translated at the spot exchange rate on the transaction date.

Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. If the non-monetary item is an available-for-sale equity instrument, the translation difference shall be included in other comprehensive income, and the translation difference arising from other items shall be included into the current profit and loss. When disposing of an overseas operation, the foreign currency financial statement translation difference related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of disposal.

## **10. Financial instruments**

### **(1) Classification of financial instruments**

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group classifies financial assets as subsequently measured at amortized cost that meet both of the following conditions and is not designated as financial assets measured at fair value through profit or loss for the current period:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies financial assets as subsequently measured at fair value through other comprehensive income (debt instruments) that meet the following conditions and is not designated as fair value through profit or loss;

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may, at initial recognition, irrevocably designate an investment in equity instrument, which is not held for trading, as at fair value through other comprehensive income (equity instruments) when the designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be classified as measured at amortized cost or measured at fair value through other comprehensive income. Financial assets whose value is measured and whose changes are included in the current profit and loss.

Financial liabilities are classified at initial recognition into: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

The Group may, at initial recognition, designate financial liability as measured at fair value through profit or loss, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- a portfolio of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the portfolio is provided internally on that basis to the Group's key management personnel; or
- The financial liability contains embedded derivatives that need to be separated separately.

The Group reclassifies the affected related financial assets if and only if the Group changes its business model for managing financial assets. For reclassification of financial assets, from the first day of the first reporting period after the change in its business model, the relevant accounting treatment shall be carried out using the prospective application method.

## **(2) Recognition basis and measurement method of financial instruments**

### **Confirmation basis**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Purchase or sale of financial assets in a conventional manner, the assets to be received and the liabilities to be assumed are recognized on the transaction date, or the assets sold are derecognized on the transaction date, and the gain or loss on disposal is recognized at the same time, losses and receivables due from the buyer. Trading date refers to the date on which the Group commits to buy or sell financial assets.

### **Measurement method**

#### **(i) Financial assets measured at amortized cost**

Amortized costs include debt investments, accounts receivable, other receivables, long-term receivables, etc., which are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the current profit and loss.

When recovering or disposing of, the difference between the price obtained and the book value of the financial asset shall be included in the current profit and loss.

#### **(ii) Financial assets (debt instruments) at fair value through other comprehensive income**

Financial assets (debt instruments) measured at fair value through other comprehensive income, including other debt investments, are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest, impairment losses or gains, and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

#### **(iii) Financial assets (equity instruments) measured at fair value through other comprehensive income**

Financial assets (equity instruments) measured at fair value through other comprehensive income, including other equity instrument investments, are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit and loss.

When the recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

#### **(iv) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include held-for-trading financial assets, derivative financial assets, etc., which are initially measured at fair value, and relevant transaction costs are included in profit or loss for the current period. The financial assets are subsequently

measured at fair value, and changes in fair value are included in current profit and loss.

(v) Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value, and relevant transaction costs are included in current profit and loss. The financial liability is subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When the recognition is terminated, the difference between its book value and the consideration paid is included in the current profit and loss.

(vi) Financial liabilities measured at amortized cost

Amortized costs include short-term borrowings, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, etc., which are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the current profit and loss.

When the recognition is terminated, the difference between the consideration paid and the book value of the financial liability shall be included in the current profit and loss.

### **(3) Derecognition of Financial Assets and Transfer of Financial Assets**

The Group derecognizes a financial asset if one of the following conditions is satisfied:

- The contractual rights to the cash flows from the financial asset expire;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee;
- Although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

When a financial asset is transferred, if almost all the risks and rewards of ownership of the financial asset are retained, the financial asset will not be derecognized.

When a financial asset is transferred, if it neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, and does not give up control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continued involvement in the transferred financial asset.

When judging whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Group distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets satisfies the conditions for termination of recognition, the difference between the following two amounts shall be included in the current profit and loss:

- (i) The book value of the transferred financial assets;
- (ii) The consideration received due to the transfer, and the cumulative amount of changes in fair value originally included in the owner's equity (the financial assets involved in the transfer are financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income and available-for-sale financial assets).

If the partial transfer of financial assets satisfies the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognition part and the

non-derecognition part according to their respective relative fair values, and the difference between the following two amounts shall be calculated. Into the current profit and loss:

- (i) The book value of the derecognized part;
- (ii) The consideration for the derecognized part, and the amount of the corresponding derecognized part in the cumulative amount of changes in fair value originally included in the owner's equity (the financial assets involved in the transfer are those that are measured at fair value and whose changes are included in other comprehensive income. The sum of financial assets (debt instruments), available-for-sale financial assets).

If the transfer of financial assets does not meet the conditions for termination of recognition, the financial assets continue to be recognized, and the consideration received is recognized as a financial liability.

#### **(4) Derecognition of financial liabilities**

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

All or part of the contract terms of the existing financial liabilities are substantially modified, the recognition of the existing financial liabilities or a part thereof shall be terminated, and the modified financial liabilities shall be recognized as a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Group repurchases part of its financial liabilities, on the repurchase date, the overall book value of the financial liabilities shall be allocated according to the relative fair value of the part that continues to be recognized and the part that is derecognized. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profit and loss.

#### **(5) Determination of fair value of financial assets and financial liabilities**

For financial instruments in active markets, their fair values are determined by quoted prices in active markets. For financial instruments that do not have an active market, their fair value is determined using valuation techniques. At the time of valuation, the Group adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information and selects the characteristics of the assets or liabilities considered by market participants in the transaction of the relevant assets or liabilities, and prefer the relevant observable input value. Unobservable input values are used only when the relevant observable input values are unavailable or impractical to obtain.

#### **(6) Impairment of financial assets**

The Group estimates the expected credit losses of financial assets measured at amortized cost and financial assets at fair value through other comprehensive income (debt instruments) individually

or in combination.

The Group considers reasonable and evidence-based information about past events, current conditions, and forecasts of future economic conditions, and takes the risk of default as the weight to calculate the difference between the cash flows receivable from the contract and the cash flows expected to be received. The probability-weighted amount of the present value of the expected credit loss is recognized.

For the above financial instruments included in the expected credit loss measurement, the Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and uses the "three-stage" impairment model to measure them separately its loss provision and confirmation of expected credit losses:

- (i) Stage 1: Financial instruments with no significant increase in credit risk since initial recognition.
- (ii) Stage 2: Credit risk has increased significantly since initial recognition, but it is not considered a credit-impaired financial instrument.
- (iii) Stage 3: Credit-impaired financial instruments.

Expected credit losses of stage 1 assets are measured at 12-month expected credit losses, and stage 2 and stage 3 assets are measured at lifetime expected credit losses.

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment loss or gain is included in the current profit and loss, without reducing the financial asset The book value shown on the balance sheet.

In the previous accounting period, the loss provision has been measured according to the amount equivalent to the expected credit loss of the financial instrument during the entire duration, but on the balance sheet date of the current period, the financial instrument no longer belongs to the situation that the credit risk has increased significantly since the initial recognition. If on the balance sheet date of the current period, the loss provision of the financial instrument shall be measured according to the amount equivalent to the expected credit loss in the next 12 months, and the reversal amount of the loss provision thus formed shall be included in the current profit and loss as an impairment gain, but Except for purchased or originated credit-impaired financial assets. For purchased or originated credit-impaired financial assets, only the cumulative changes in expected credit losses during the entire duration since initial recognition are recognized as loss reserves on the current balance sheet date.

#### Judgment Criteria for Significant Increase in Credit Risk

The Group assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition. When determining whether credit risk has increased significantly since initial recognition, the Group considers that reasonable and evidence-based information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on historical data, external Credit Risk Ratings, and Forward-Looking Information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group determines the expected duration of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date and the risk of default on the date of initial recognition Changes in the risk of default occur.

The Group believes that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative, qualitative criteria, or ceiling indicators are triggered:

Quantitative standard

- On the reporting date, the probability of default for the remaining duration has increased by a certain percentage of the qualitative standard from the initial recognition;
- A material adverse change in the debtor's business or financial condition;
- Alert customer list.

Upper limit

- Debtor contractual payments (including principal and interest) are more than 30 days past due.

Definition of credit-impaired assets

When determining whether credit impairment occurs under the new financial instrument standards, the definition standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial instruments, and quantitative and qualitative indicators are also considered. When assessing whether credit impairment occurs, the Group mainly considers the following factors:

- Serious financial hardship of the issuer or debtor;
- The debtor violates the terms of the contract, such as default or overdue payment of interest or principal;
- The creditor makes concessions to the debtor in financial difficulty due to economic or legal considerations;
- It is probable that the debtor will fail or undergo another financial restructuring;
- Due to the significant financial difficulties of the issuer, the financial asset cannot continue to be traded in an active market;
- Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred;
- Any principal, advance, interest, or invested corporate bonds of the debtor to the Group are more than 90 days past due.

Credit-impaired financial assets may be caused by the combined action of multiple events, not necessarily by individually identifiable events. For financial assets that have suffered credit impairment, the Group mainly analyzes the estimated future cash flows (including the realizable value of collateral held) based on individual financial assets, and the present value is determined by discounting at the original effective interest rate. The difference with the book value is included in the current profit and loss as an impairment loss or gain.

Parameters for expected credit loss measurement

According to whether there is a significant increase in credit risk and whether credit impairment has occurred, the Group measures the impairment provision for different assets with 12-month or entire duration expected credit losses respectively. Key parameters for expected credit loss measurement include PD, LGD, and exposure at default. According to the requirements of the new financial instrument standards, the Group considers quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods, collateral types, repayment methods, etc.) to establish the probability of default, loss given default, and default risk exposure model.

The relevant definitions are as follows:

- The probability of default refers to the possibility that the debtor will not be able to perform its repayment obligations in the next 12 months or throughout the remaining duration. The Group's PD is adjusted based on the results of the internal assessment model, adding forward-looking information and excluding prudential adjustments to reflect the "point-in-time" default probability of debtors under the current macroeconomic environment;
- Loss given default rate refers to the Group's expectation on the extent of losses incurred by exposures at default. LGD varies according to the type of counterparty, method and priority of recourse, and collateral;
- Default risk exposure refers to the amount that should be paid by the Group when a default occurs in the next 12 months or throughout the remaining duration.

#### Forward-Looking Information

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Group identifies key macroeconomic indicators that affect business credit risk and expected credit losses, such as the corporate climate index.

Forecast economic indicators every year, and determine the impact of economic indicators on PD and LGD through regression analysis.

In addition to providing benchmark economic scenarios, the Group combines statistical analysis to determine other possible scenarios and their weights. The Group measures relevant impairment allowances by weighted 12-month expected credit losses (stage 1) or weighted lifetime expected credit losses (stages 2 and 3). The above-weighted credit losses are calculated by multiplying the expected credit losses under each scenario by the weight of the corresponding scenario.

If the Group no longer reasonably expects that the contractual cash flow of a financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

#### **(7) Offset of financial instruments**

When there is a legal right to set off claims and liabilities and the legal right is currently enforceable, and both parties to the transaction intend to settle on a net basis or settle assets and liabilities at the same time, financial assets and liabilities shall be offset in the net amount after offsetting listed on the balance sheet. In addition, financial assets and financial liabilities are listed separately on the balance sheet and are not offset. The right of set-off shall not depend on future events and shall be enforceable by the Group in the normal course of business of the Group and all counterparties, or the event of default, insolvency, or bankruptcy.

### **11. Long-term equity investments**

#### **(1) Basis for determining joint control and significant influence over investee**

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be decided by the unanimous consent of the participants sharing the control rights. If the Group and other joint venture parties

jointly control the investee and have rights to the net assets of the investee, the investee is a joint venture of the Group.

Significant influence refers to the right to participate in the financial and operational decisions of the investee, but cannot control or jointly control the formulation of these policies with other parties. If the Group can exert significant influence on the investee, the investee is an associate of the Group.

## **(2) Determination of investment cost**

### **(i) Long-term equity investment formed by business combination**

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party is recognized as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

For long-term equity investments obtained through business combination not involving enterprises under common control, the acquisition cost at the acquisition date is the investment cost of the long-term equity investments. Where the additional investment forms significant influence or joint control but not control over the investee, the cost of long-term equity investments is the sum of the fair value of original equity investments determined and the cost of additional investment.

### **(ii) Long-term equity investment obtained by means other than a business combination**

For long-term equity investment obtained by paying cash, the initial investment cost shall be the actual purchase price paid.

For long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be used as the initial investment cost.

## **(3) Subsequent measurement and recognition of profit or loss**

### **(i) Long-term equity investment accounted for using the cost method**

The company's long-term equity investment in subsidiaries is accounted for using the cost method, unless the investment meets the conditions for holding for sale. Except for the price actually paid when obtaining the investment or the declared but undistributed cash dividends or profits included in the consideration, the company recognizes the current investment income according to the cash dividends or profits declared and distributed by the investee.

### **(ii) Long-term equity investment accounted for using the equity method**

The Group accounts for investment in associates and joint ventures using the equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair

value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve.

The Group recognizes its share of the investee's net profit or loss, other comprehensive income, and other changes in owner's equity based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments.

The unrealized profit and loss of internal transactions between the company and its associates and joint ventures shall be calculated according to the proportion attributable to the company and shall be offset, and the investment income shall be recognized on this basis, but the assets invested or sold constitute business Except. If the unrealized internal transaction losses with the investee belong to asset impairment losses, they shall be fully recognized.

Limited to the book value of the long-term equity investment and other long-term equity that substantially constitutes a net investment in the joint venture or associate, except for the obligation to undertake additional losses. . If the joint venture or joint venture realizes net profit in the future, the company shall resume the recognition of the profit-sharing amount after the profit-sharing amount makes up for the unrecognized loss-sharing amount.

### (iii) Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and the current profit or loss is carried forward proportionately.

If the joint control or significant influence over the investee is lost due to the disposal of an equity investment or other reasons, other comprehensive income recognized by the original an equity investment due to the use of the equity method for an accounting shall be calculated as related to the direct disposal of the investee when the equity method is terminated. Assets or liabilities are accounted for on the same basis, and other changes in the owner's equity are transferred to the current profit and loss when the equity method is terminated.

If the company loses control over the investee due to the disposal of part of the equity investment and other reasons, and the remaining equity can exercise joint control or significant influence on the investee when preparing individual financial statements, it shall be accounted for by the equity method instead, and the remaining equity shall be accounted for by the equity method. It is deemed that the equity method is used for adjustment since the acquisition, and other comprehensive income recognized before the acquisition of the control right of the investee is carried forward on the same basis as the investee directly disposes of the relevant assets or liabilities. Changes in other recognized owner's equity are carried forward to the current profit and loss proportionately; if the remaining equity cannot exercise joint control or exert significant influence on the investee, it is

recognized as a financial asset, and the difference between its fair value and book value on the date of losing control is calculated. The difference is included in the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before the acquisition of the control right of the investee are carried forward.

If the equity investment in the subsidiary is disposed of in stages through multiple transactions until it loses control, and it belongs to a package transaction, each transaction shall be accounted for as a transaction that disposes of the equity investment in the subsidiary and loses control; every time before the loss of control the difference between the disposal price and the book value of the long-term equity investment corresponding to the disposed of equity is first recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss when control is lost. If it does not belong to a package transaction, each transaction shall be accounted for separately.

## **12. Investment properties**

Investment property refers to property held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings (Including buildings for lease after self-construction or development activities and buildings under construction or development for future lease).

Subsequent expenditures related to investment property shall be included in the cost of investment property when the relevant economic benefits are likely to flow in and the cost can be reliably measured; otherwise, it shall be included in the current profit and loss when incurred.

The Group adopts the cost model to measure the existing investment properties. The investment property is measured according to the cost model - buildings for rental use the same depreciation policy as the Group's fixed assets, and the land use rights for rental use the same amortization policy as for intangible assets.

## **13. Fixed assets**

### **(1) Recognition and initial measurement of fixed assets**

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when the following conditions are met at the same time:

- (i) the economic benefits associated with the asset will flow to the Group; and
- (ii) the cost of the asset can be measured reliably.

Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

### **(2) Depreciation method**

The depreciation of fixed assets is classified and accrued using the straight-line method, and the depreciation rate is determined according to the type of fixed assets, estimated service life, and estimated net residual value rate. For the fixed assets with depreciation reserves, the depreciation

amount shall be determined according to the book value after deducting the depreciation reserves and the remaining useful life in the future period. If the service life of each component of fixed assets is different or provides economic benefits to the enterprise in different ways, choose different depreciation rates or depreciation methods, and accrue depreciation separately.

The depreciation method, depreciation period, residual value rate, and annual depreciation rate of various fixed assets are as follows:

Categories	Depreciation method	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	Average years method	25	5	3.80
Electronic equipment	Average years method	3-5	5	19.00-31.67
Transportation vehicles	Average years method	5	5	19.00
Fixtures and furniture	Average years method	5	5	19.00

### (3) Disposal of fixed assets

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

### 14. Intangible assets

Intangible assets mainly include computer software use right etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

### 15. Impairment of long-term assets

Long-term equity investments, investment property measured by the cost model, fixed assets, right-of-use assets, intangible assets with limited useful lives and other long-term assets, if there is any sign of impairment on the balance sheet date, an impairment test is performed. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's estimated future cash flows. Provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is the smallest group of assets that can independently generate cash inflows.

For goodwill formed due to business combination, intangible assets with indefinite service life, and intangible assets that have not yet reached a usable state, an impairment test shall be performed at least at the end of each year, regardless of whether there is any sign of impairment.

The Group conducts the goodwill impairment test. The book value of the goodwill formed due to

business combination shall be allocated to the relevant asset groups in a reasonable manner from the date of purchase; if it is difficult to allocate it to the relevant asset groups, it shall be allocated to the relevant asset group combination. The relevant asset group or asset group combination is the asset group or asset group combination that can benefit from the synergistic effect of the business combination.

When conducting an impairment test on the relevant asset group or combination of asset groups containing goodwill, if there is any sign of impairment in the asset group or combination of asset groups related to goodwill, first perform impairment test on asset groups or asset group combinations that do not contain goodwill. Calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then carry out an impairment test on the asset group or combination of asset groups containing goodwill, and compare its book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss is first deducted from the book value of the goodwill allocated to the asset group or portfolio of asset groups. Then according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination, the book value of other assets is deducted proportionally.

After the above-mentioned asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

#### **16. Long-term prepaid expenses**

Long-term prepaid expenses are various expenses incurred but should be accounted in the current period and future periods with an amortization period of more than one year. Long-term prepaid expenses are averagely amortized over the estimated beneficiary period.

#### **17. Financial assets purchased under resale agreements and financial assets sold under repurchase agreements**

Resold on a certain future date according to the agreement at the time of purchase will not be recognized in the balance sheet. Costs paid to acquire these assets, including Accrued interest, are shown on the balance sheet as financial assets purchased under resale agreements. The difference between the purchase price and the resale price is recognized during the agreement period using the effective interest method and included in interest income.

Sold assets that are repurchased on a certain future date according to the agreement are not derecognized in the balance sheet. Proceeds from the sale of these assets, including accrued interest, are presented on the balance sheet as financial assets sold under repurchase agreements to reflect their economic substance as loans to the Group. The difference between the selling price and the repurchase price is recognized by the effective interest method during the agreement period and included in the interest expense.

#### **18. Contract liabilities**

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between fulfill performance obligations and customer payments. The Group's obligations to transfer goods or provide services to customers for consideration received or receivable from customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

## **19. Employee benefits**

### **(1) Accounting treatment of short-term compensation**

During the accounting period in which an employee has rendered service to the Group, the Group recognizes the actual short-term remuneration as a liability and includes it in the current profit and loss or the cost of related assets.

Social security expenditures and housing provident funds paid by the Group for employees, as well as the union funds and employee education funds drawn as required. During the accounting period in which an employee has rendered service to the Group, the corresponding amount of employee remuneration is calculated and determined according to the prescribed accrual basis and accrual ratio.

Employee welfare expenses incurred by the Group are included in the current profit and loss or the cost of related assets according to the actual amount when they are actually incurred, of which non-monetary benefits are measured at fair value.

### **(2) Accounting treatment of post-employment benefits**

#### **(i) Defined Contribution Plan**

The Group pays basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government. In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognized as a liability by the Company and charged to profit or loss in the period, or included in cost of related assets.

#### **(ii) Defined benefit plan**

According to the formula determined by the expected cumulative welfare unit method, the Group assigns the welfare obligations arising from the defined benefit plan to the period during which an employee render service, and charged to profit or loss in the period, or included in cost of related assets.

The deficit or surplus formed by the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets is recognized as a net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the Group shall measure the net assets of the defined benefit plan at the lower of the surplus of the defined benefit plan and the upper limit of assets.

All defined benefit plan obligations, including those expected to be paid within twelve months of the end of the annual reporting period in which the employee provides services, are based on treasury bonds or active debt that matches the term and currency of the defined benefit plan obligations on the balance sheet date. Market yields on high-quality corporate bonds in the market are discounted. The service cost generated by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or the cost of relevant assets; the changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, and will not be transferred back to profit or loss in subsequent accounting periods. When the original defined benefit plan is terminated, all the parts originally included in other comprehensive income will be carried forward to undistributed profits within the scope of equity.

When the defined benefit plan is settled, the settlement gain or loss shall be recognized according

to the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

### **(3) Accounting treatment of termination benefits**

If the Group provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits shall be recognized on the earlier of the following two dates and included in the current profit and loss: When the company cannot unilaterally withdraw the termination benefits provided due to the labor relationship termination plan or the layoff proposal; when the company recognizes costs or expenses associated with a restructuring involving the payment of termination benefits.

## **20. Estimated liabilities**

When the obligations related to contingencies meet the following conditions at the same time, the Group recognizes them as estimated liabilities:

- (i) The obligation is a current obligation undertaken by the Group;
- (ii) The performance of this obligation is likely to result in the outflow of economic benefits from the Group;
- (iii) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best estimate of the expenditures required to perform the relevant current obligations.

When determining the best estimate, factors such as risks, uncertainties, and the time value of money related to contingencies are taken into consideration. If the impact of the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of required expenditure, and the probability of occurrence of various outcomes within this range is the same, the best estimate shall be determined according to the middle value within the range; in other cases, the best estimate shall be dealt with in the following cases:

- If a contingency involves a single item, it shall be determined according to the most likely amount.
- If a contingent event involves multiple projects, it shall be determined according to various possible results and related probabilities.

If all or part of the expenses required to pay off the estimated liabilities are expected to be compensated by a third party when the compensation amount is confirmed to be received, it is recognized as an asset separately, and the confirmed compensation amount does not exceed the book value of the estimated liabilities.

The Group reviews the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

## **21. Income**

### **(1) Interest income**

The interest income of all interest-bearing financial instruments refers to the interest income generated by the debt financial assets invested by the Group. Interest income is calculated by multiplying the effective interest rate by the carrying amount of the financial asset, but for credit-impaired financial assets, the interest income is calculated by multiplying the effective interest rate by the amortized cost (that is, net of expected credit impairment reserves). Other interest income is

calculated and recognized according to the time when others use the Group's monetary funds and the actual interest rate.

**(2) Net income from disposal of distressed assets**

The net income from the disposal of distressed assets is the gain or loss from the disposal of distressed assets in the held-for-trading financial assets.

**(3) Fee and commission income**

Fee and commission income includes fund management business income and financial consulting income. Fund management business refers to the provision of management services by the Group as a fund manager to entrusted funds under management, and financial consulting business refers to the Company's provision of related financial consulting services. Fund management business income and financial advisory income are recognized on an accrual basis when services are provided.

**22. Government Grants**

**(1) Types**

Government grants are monetary or non-monetary assets obtained by the Group from the government free of charge and are classified into asset-related government grants and income-related government grants.

Government grants related to assets refer to the government grants obtained by the Group for purchase and construction or to form long-term assets in other ways. Government grants related to income refer to government grants other than government grants related to assets.

**(2) Confirm time**

Government subsidies are recognized when the Group can meet the conditions attached to them and can receive them.

**(3) Accounting treatment**

Government grants related to assets are written off against the book value of related assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss reasonably and systematically manner within the useful life of the relevant assets (related to the daily activities of the Group, included in other income; unrelated to the daily activities of the Group, included in non-operating income);

Government grants related to income, which are used to compensate the related costs or losses of the Group in subsequent periods, are recognized as deferred income and are included in the current profit and loss (related to the daily activities of the Group) during the period in which the related costs or losses are recognized. If it is not related to the daily activities of the Group, it is included in non-operating income) or offsets related costs or losses; if it is used to compensate for the related costs or losses incurred by the Group, it is directly included in the current profit and loss (Related to the Group's daily activities, included in other income; unrelated to the Group's daily activities, included in non-operating income) or offset related costs or losses.

**23. Deferred tax assets and deferred tax liabilities**

Income tax includes current income tax and deferred income tax. Except for income tax arising from

business combination and transactions or events directly included in owners' equity (including other comprehensive income), the Group includes current income tax and deferred income tax in current profit and loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences). For deductible temporary differences, the recognition of deferred tax assets is limited to the amount of taxable income that is likely to be obtained in the future to deduct the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to deduct the deductible losses and tax credits is limited.

For taxable temporary differences, except in special circumstances, deferred tax liabilities are recognized.

Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- It is neither a business merger nor a transaction or event that affects accounting profits and taxable income (or deductible losses) at the time of occurrence, and the initially recognized assets and liabilities do not result in equal taxable temporary differences and deductible temporary differences. Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures unless the Group can control the timing of the reversal of the temporary difference and the temporary difference is probable in the foreseeable future will not turn back. For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and it is likely to be obtained in the future to offset the deductible temporary differences. Deferred tax assets are recognized when taxable income is determined.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are repaid according to the tax laws.

On the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable income cannot be obtained in future periods to offset the benefits of deferred tax assets, the book value of deferred tax assets is written down. The write-down amount is reversed when it is probable that sufficient taxable income will be obtained.

When it has the legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as a net amount after offsetting when the following conditions are met at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection authority on the same taxable entity or to different taxable entities, but each significant deferred income tax asset and liability will be transferred in the future. During the return period, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities at the same time.

## 24. Leases

Lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period time.

On the contract inception date, the Group assesses whether the contract is a lease or contains a lease. A contract is or contains a lease if a party to a contract transfers its right to control the use of one or more identified assets for some time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Group will split the contract and account for each separate lease separately. If the contract contains both lease and non-lease parts, the lessee and the lessor will split the lease and non-lease parts.

### (1) The Group as the lessee

#### i. Right-of-use assets

On the lease commencement date, the Group recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liabilities;
- For lease payments made on or before the commencement date of the lease period, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
- Initial direct costs incurred by the lessee;
- Costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms, but do not include costs incurred for the production of inventories.

The Group subsequently uses the straight-line method to depreciate right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the Group shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining useful life of the leased asset.

The Group is governed by "III.15 Impairment of long-term assets" in this note, and performs accounting treatment on the identified impairment losses.

#### ii. Lease liabilities

On the commencement date of the lease term, the Group recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

- Fixed payments (including actually fixed payments), if there is a lease incentive, deduct the relevant amount of the lease incentive;
- Variable lease payments that depend on an index or rate;
- Payments expected to be made based on residual value guarantees provided by the lessee;
- The exercise price of the purchase option, provided that the lessee is reasonably certain that the option will be exercised;
- Payments for exercising an option to terminate the lease provided that the lease term reflects that the lessee will exercise the option to terminate the lease.

The Group adopts the interest rate implicit in the lease as the discount rate, but if the interest rate

implicit in the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate.

The Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate and includes it in the current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are incurred.

Of the lease term, the Group re-measures the lease liabilities and adjusts the corresponding right-of-use assets under the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit and loss:

- When there is a change in the evaluation result of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is inconsistent with the original evaluation result, the Group shall calculate the lease payment amount after the change and the revised discount rate according to the calculated present value of the lease liability is remeasured;
- When the actual fixed payment changes, the estimated payable amount of the residual value guarantee changes, or the index or ratio used to determine the lease payment changes, the Group will re-calculate the present value based on the changed lease payment and the original discount rate. Measure the lease liability. However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value.

#### iii. Short-term leases and low-value asset leases

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases and includes relevant lease payments in the current profit and loss or the cost of relevant assets on a straight-line basis over each period of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. A low-value asset lease refers to a lease with a lower value when a single leased asset is a brand-new asset. If the Group subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

#### iv. Lease change

If the lease changes and the following conditions are met at the same time, the Group will account for the lease change as a separate lease:

- The lease modification increases the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract situation.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group re-allocates the consideration of the contract after the change, re-determines the lease term, and calculates the current value based on the lease payment after the change and the revised discount rate, value to remeasure the lease liability.

If the lease modification results in the narrowing of the lease scope or the shortening of the lease term, the Group reduces the book value of the right-of-use assets accordingly and includes the relevant gains or losses from partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of the lease liability, the Group adjusts the book

value of the right-of-use assets accordingly.

## **(2) The Group as lessor**

On the lease commencement date, the Group classifies leases into finance leases and operating leases. A financial lease is a lease that essentially transfers almost all the risks and rewards associated with the ownership of the leased asset, regardless of whether the owner is ultimately transferred. Operating leases refer to leases other than finance leases. When the Group acts as the lessor of a sublease, it classifies the sublease based on the right-of-use assets arising from the original lease.

### **i. Accounting treatment of operating leases**

Lease receipts from operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Group capitalizes the initial direct expenses incurred about operating leases and is amortized and included in the current profit and loss on the same basis as the rental income is recognized during the lease term. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are incurred. If the operating lease is changed, the Group will account for it as a new lease from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change are regarded as the receipts of the new lease.

### **ii. Accounting treatment of financial lease**

On the lease commencement date, the Group recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets. When the Group initially measures the finance lease receivables, the net investment in the lease is regarded as the entry 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 commencement date of the lease term, discounted at the interest rate implicit in the lease.

The Group calculates and recognizes interest income in each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for following "III.10 Financial instruments" in this note.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are incurred.

If there is a change in a finance lease and the following conditions are met at the same time, the Group will account for the change as a separate lease:

- The change expands the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract situation.

If the modification of a finance lease is not accounted for as a separate lease, the Group shall deal with the modified lease under the following circumstances:

- If the change takes effect on the lease inception date, the lease will be classified as an operating lease, and the Group will account for it as a new lease from the effective date of the lease change, and use the net lease investment before the effective date of the lease change as the book value of the lease asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Group conducts accounting treatment by the policy on modifying or renegotiating

contracts in "III.10 Financial instruments" in this note.

### **(3) Sale and leaseback transactions**

The Group evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale by the principles described in "III.21 Income" in this note.

#### **i. As a lessee**

The asset transfer in the sale and leaseback transaction is a sale, the Group, as the lessee, measures the right-of-use assets formed by the sale and leaseback according to the part of the original book value of the asset that is related to the right of use obtained by leaseback, and only for the transfer to the lease. If the asset transfer in the sale-and-leaseback transaction is not a sale, the Group, as the lessee, continues to recognize the transferred asset and recognizes a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, please refer to "III.10 Financial instruments" in this note.

#### **ii. As a lessor**

The asset transfer in the sale and leaseback transaction is a sale, the Group shall account for the purchase of the asset as the lessor, and the asset lease shall be accounted for by the aforementioned "(2) The Group as the lessor" policy; If the transfer of assets is not a sale, the Group as the lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to "III.10 Financial instruments" in this note.

## **25. Significant accounting estimates and judgments**

### **(1) Classification of financial assets**

When determining the classification of financial assets, the Group mainly considers the contractual cash flow characteristics and business model of financial assets. The Group determines its business model based on specific business objectives for managing financial asset groups. This assessment includes judgments that reflect all relevant evidence, including how to value and measure asset performance, the risks that affect asset performance, and how asset managers will be compensated if the risks are managed. The Group will monitor financial assets measured at amortized cost before they expire and derecognize them to understand the reasons for their disposal and whether such reasons are consistent with the business objectives of holding the assets.

### **(2) Measurement of expected credit losses**

The Group's debt assets and other assets, etc., are measured by expected credit impairment losses. The main issues that the Group considers when measuring expected credit losses include:

Significant increase in credit risk: the expected credit loss of the first stage assets is measured by the 12-month expected credit loss provision, and the second and third stage assets are measured by the lifetime expected credit loss provision. If the credit risk of an asset has increased significantly since initial recognition, it is transferred to the second stage, and when credit-impaired, it is transferred to the third stage (but does not belong to the purchase of originating credit-impaired assets). The new financial instrument standard does not define what constitutes a significant increase in credit risk. When assessing whether an asset's credit risk has increased significantly, the Group will consider reasonable and supportable quantitative forward-looking information and qualitative

forward-looking information.

Use of models and assumptions: the Group uses various models and assumptions to measure the fair value and expected credit losses of financial assets. The Group determines the most appropriate models for each type of financial asset and the assumptions used in those models, including those related to key drivers of credit risk.

Forward-looking information: In measuring expected credit losses, the Group uses reasonably evidence-based forward-looking information that is based on assumptions about the future trends of various economic drivers and how those drivers will interact with each other.

Default probability: Default probability is an important input value for expected credit risk. The probability of default is an estimate of the probability of default within a certain period in the future, and the calculation involves historical data, assumptions, and expectations of future conditions.

LGD: LGD is an estimate of LGD. It is based on the difference between the contractual cash flows and the contractual cash flows the lender expects to receive, taking into account cash flows from collateral and credit enhancements.

### **(3) Fair value of financial instruments**

The Group's financial assets measured at fair value include the acquired distressed assets and other financial instruments whose fair value is measured at the third level. When the distressed assets and other financial instruments whose fair value is measured at the third level are used for subsequent measurement at fair value, since they are financial assets that do not have an active trading market, it is necessary to establish a valuation model based on subjective judgments and market assumptions to determine their fair value. The Group adopts valuation methods including discounted cash flow analysis. The Group's management makes estimates on assumptions in specific areas, such as counterparty credit risk, market volatility, and discount rates. Changes in relevant assumptions will have an impact on the fair value valuation of financial instruments.

### **(4) Income tax**

In the normal business activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be disbursed before tax requires the approval of the competent government authority. If there is a difference between the final recognition result of these tax matters and the amount originally recorded, the difference will have an impact on the current income tax and deferred income tax during the final recognition period.

## **26. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

### **(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 16 "On the deferred income tax related to assets and liabilities arising from a single transaction does not apply to the accounting treatment of the initial recognition exemption"**

On 30 November 2022, the Ministry of Finance published the Interpretation of Accounting Standards for Business Enterprises No. 16 (Finance and Accounting [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), in which the provision that "the accounting treatment of the deferred income tax related to assets and liabilities arising from single transactions is not applicable to the initial recognition exemption" takes effect from 1 January 2023.

Interpretation of Rule 16, For a single transaction that is not a business combination, does not affect accounting profit or taxable income (or deductible loss) at the time of the transaction, and the initial recognition of assets and liabilities results in an equal amount of taxable temporary difference and deductible temporary difference (including a lease transaction in which the lessee initially recognizes the lease liability on the beginning date of the lease term and credits the right to use assets), As well as individual transactions such as transactions in which estimated liabilities are recognized and included in related asset costs due to the existence of disposal obligations such as fixed assets), the provisions of exempting deferred income tax liabilities and deferred income tax assets from initial recognition are not applicable, and the enterprise shall comply with the relevant provisions of Accounting Standards for Enterprises No. 18 - Income Tax when the transaction occurs. The corresponding deferred tax liabilities and deferred tax assets are recognized separately.

For individual transactions to which the provision applies that occurred between the beginning of the earliest period for which the provision is first applied and the date of implementation of the provision, as well as lease liabilities and use rights assets recognised as a result of the individual

transactions to which the provision applies at the beginning of the earliest period for which the provision is presented in the financial statements, as well as recognised anticipated liabilities related to the disposal obligation and corresponding related assets, Where there is a taxable temporary difference or a deductible temporary difference, the enterprise shall comply with this interpretation and the provisions of Accounting Standards for Enterprises No. 18- Income Tax, adjust the cumulative impact to reflect retained earnings and other related financial statement items for the earliest period in the financial statements.

The Group has implemented this regulation since 1 January 2023 and has no significant impact on the financial statements.

## (2) Changes in significant accounting estimates

There were no significant changes in accounting estimates during the reporting period.

## IV. TAXATION

### 1. Main taxes and rates

Items	Taxation basis	Tax rate
Value-added tax	Output tax shall be calculated on the basis of taxable income calculated according to the tax law, and the difference shall be VAT payable after deducting the input tax allowed to be deducted in the current period	3%, 6%
City maintenance and construction tax	Payment according to the actual value -added tax paid	7%
Educational surcharge	Payment according to the actual value -added tax paid	3%
Local educational surcharge	Payment according to the actual value -added tax paid	2%
Enterprise income tax	Payment by taxable income	16.5%, 25%

### 2. Tax incentives

#### (1) Enterprise income tax

According to the "Enterprise Income Tax Law of the People's Republic of China" promulgated on March 16, 2007, and other relevant enterprise income tax regulations, the enterprise income tax rate of the Company and some of its subsidiaries is 25% (2022: 25%).

For the subsidiaries of the Group located in Hong Kong, China, according to the Hong Kong Inland Revenue Ordinance, the enterprise income tax rate is 16.5% (2022: 16.5%).

Some of the Group's subsidiaries in 2023 and 2022 comply with the "Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises" (Cai Shui [2019] No. 13) issued by the Ministry of Finance and the State Administration of Taxation in 2019, enjoy preferential taxation according to the following policies, and the income tax rates are 2.5%, 5%, and 10% respectively; for small and low-profit enterprises whose annual taxable income does not exceed 1 million, 25% of taxable income shall be included in the income tax calculation with the tax rate of 20%; for the portion of the annual taxable income exceeding 1 million but not exceeding 3 million, 50% of taxable income shall be included in the income tax calculation with the tax rate of 20%. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on

Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement No. 12 [2021] of the Ministry of Finance and the State Administration of Taxation), based on the preferential policies stipulated in Article 2 of Cai Shui [2019] No. 13, for the small and low-profit enterprises whose annual taxable income does not exceed 1 million, the enterprise income tax rate will be reduced by half.

## (2) VAT

The VAT payable is the balance after deducting the deductible input tax from the output tax. The output tax of the Group is calculated at 6% of the sales according to the relevant tax laws. Some subsidiaries are small-scale taxpayers, and the tax payable is calculated at 3% of sales based on the relevant tax laws.

## V. NOTES TO CONSOLIDATED FINANCIAL STATEMENT ITEMS

### 1. Cash and bank balances

#### The Group

Items	31/12/2023	31/12/2022
Bank balances	142,574,874.09	428,400,859.37
Other monetary fund	640,602.58	5,615,461.98
<b>Total</b>	<b>143,215,476.67</b>	<b>434,016,321.35</b>

#### The Company

Items	31/12/2023	31/12/2022
Bank deposit	90,949,193.06	384,479,659.02
Other monetary fund	10,878.81	3,676.02
<b>Total</b>	<b>90,960,071.87</b>	<b>384,483,335.04</b>

On 31 December 2023, the restricted funds of the Group were RMB 89,575,958.82 (31 December 2022: RMB 95,901,402.34); and the restricted funds of the Company were RMB 87,875,958.82 (31 December 2022: RMB 95,901,402.34).

### 2. Financial investments

#### (1) Held-for-trading financial assets

#### The Group

Items	31/12/2023	31/12/2022
Distressed assets	219,611,396.34	285,595,199.27
Unlisted equities	15,223,200.00	30,770,378.69
Stock	2,265,550.00	3,800,028.57
Private funds	24,237,365.30	125,633,436.94
Partnership enterprise	598,281,697.64	543,721,672.52
Wealth management products	3,320,438.71	6,895,000.00

Items	31/12/2023	31/12/2022
Trust plans	25,000,000.00	30,000,000.00
Total	887,939,647.99	1,026,415,715.99

### The Company

Items	31/12/2023	31/12/2022
Distressed assets	138,870,410.55	224,086,824.02
Unlisted equities	13,200,000.00	13,200,000.00
Stock		3,631.07
Private funds		100,000,000.00
Partnership enterprise	14,989,281.11	40,320,275.26
Trust plans	25,000,000.00	30,000,000.00
TOTAL	192,059,691.66	407,610,730.35

## (2) Debt investments

### The Group

#### i. Details

Items	31/12/2023		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	159,585,886.81	28,193,922.76	131,391,964.05
Claims acquired from non-financial institutions	954,316,168.47	15,376,780.70	938,939,387.77
Total	1,113,902,055.28	43,570,703.46	1,070,331,351.82

Items	31/12/2022		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	172,015,609.72	12,371,904.44	159,643,705.28
Claims acquired from non-financial institutions	3,167,561,071.94	90,218,129.21	3,077,342,942.73
Total	3,339,576,681.66	102,590,033.65	3,236,986,648.01

#### ii. Provisions for impairment of debt investments

Provisions for impairment	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2023	1,437,421.43	74,507,858.38	26,644,753.84	102,590,033.65
--Transfer to the second stage	-9,469.82	9,469.82		
--Transfer to the third stage	-5,884.88	-365,619.94	371,504.82	
Charge for the year	529,964.38	-62,896,437.68	3,373,149.47	-58,993,323.83
Write-off in current period	26,006.36			26,006.36
31/12/2023	1,926,024.75	11,255,270.58	30,389,408.13	43,570,703.46

iii. Changes in book balance of debt investments

Book balance	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2023	867,244,129.41	2,333,067,337.85	139,265,214.40	3,339,576,681.66
--Transfer to the second stage	-6,566,878.29	6,566,878.29		
--Transfer to the third stage	-4,362,699.55	-25,411,666.23	29,774,365.78	
Added	159,842,101.32	39,296,226.94	14,265,380.77	213,403,709.03
Termination	-184,265,526.67	-2,219,223,591.33	-35,589,217.41	-2,439,078,335.41
31/12/2023	831,891,126.22	134,295,185.52	147,715,743.54	1,113,902,055.28

The Company

i. Details

Items	31/12/2023		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	108,070,774.90	16,515,366.84	91,555,408.06
Claims acquired from non-financial institutions	869,794,163.58	6,988,261.52	862,805,902.06

Items	31/12/2023		
	Book balance	Provisions for impairment	Book value
Total	977,864,938.48	23,503,628.36	954,361,310.12

Items	31/12/2022		
	Book balance	Provisions for impairment	Book value
Claims acquired from financial institutions	164,494,644.39	12,360,954.55	152,133,689.84
Claims acquired from non-financial institutions	3,000,570,084.14	76,641,022.19	2,923,929,061.95
Total	3,165,064,728.53	89,001,976.74	3,076,062,751.79

ii. Provisions for impairment of debt investments

Provisions for impairment	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2023	1,381,001.33	73,881,506.97	13,739,468.44	89,001,976.74
--Transfer to the second stage	-9,469.82	9,469.82		
--Transfer to the third stage	-5,884.88	-365,619.94	371,504.82	
Charge for the year	544,931.17	-69,727,714.67	3,684,435.12	-65,498,348.38
31/12/2023	1,910,577.80	3,797,642.18	17,795,408.38	23,503,628.36

iii. Changes in book balance of debt investments

Book balance	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
1/1/2023	829,467,536.32	2,310,084,644.46	25,512,547.75	3,165,064,728.53
--Transfer to the second stage	-6,566,878.29	6,566,878.29		
--Transfer to the third stage	-4,362,699.55	-25,411,666.23	29,774,365.78	

Book balance	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit losses for the duration(without credit impairment)	Expected credit losses for the duration(with credit impairment)	
Added	159,842,101.32	4,550,390.32	4,630,379.93	169,022,871.57
Termination	-154,009,898.91	-2,200,594,424.66	-1,618,338.05	-2,356,222,661.62
31/12/2023	824,370,160.89	95,195,822.18	58,298,955.41	977,864,938.48

### 3. Accounts receivable

#### The Group

Items	31/12/2023	31/12/2022
Consultant fees receivable	4,155,479.93	4,758,927.13
Rent receivable	16,469,639.70	19,782,242.08
Receivable equity transfer funds	3,000,000.00	
Total	23,625,119.63	24,541,169.21
Less: Provisions for bad debt		
Net amounts	23,625,119.63	24,541,169.21

#### The Company

Items	31/12/2023	31/12/2022
Consultant fees receivable	2,621,553.99	2,621,553.99
Total	2,621,553.99	2,621,553.99
Less: Provisions for bad debt		
Net amounts	2,621,553.99	2,621,553.99

Aging analysis of accounts receivable

The Group

Aging	31/12/2023				31/12/2022			
	Amount	Proportion	Provisions for bad debt	Net amounts	Amount	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	13,227,199.69	55.99%		10,227,199.69	22,202,489.96	90.47%		22,202,489.96
1 year to 2 years (inclusive)	8,059,240.69	34.11%		8,059,240.69	2,338,679.25	9.53%		2,338,679.25
2 year to 3 years (inclusive)	2,338,679.25	9.90%		5,338,679.25				
Total	23,625,119.63	100.00%		23,625,119.63	24,541,169.21	100.00%		24,541,169.21

The Company

Aging	31/12/2023				31/12/2022			
	Amount	Proportion	Provisions for bad debt	Net amounts	Amount	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)					282,874.74	10.79%		282,874.74
1 year to 2 years (inclusive)	282,874.74	10.79%		282,874.74	2,338,679.25	89.21%		2,338,679.25
2 year to 3 years (inclusive)	2,338,679.25	89.21%		2,338,679.25				
Total	2,621,553.99	100.00%		2,621,553.99	2,621,553.99	100.00%		2,621,553.99

#### 4. Long-term equity investments

##### (1) Details of long-term equity investment:

###### The Group

Invested companies	31/12/2023	31/12/2022
Joint ventures	516,858,960.99	1,398,135,532.69
Associate Companies	7,717,355,806.36	5,402,546,510.64
Total	8,234,214,767.35	6,800,682,043.33
Less: Provisions for impairment	406,614,985.18	
Net amounts	7,827,599,782.17	6,800,682,043.33

Note: The balance of impairment provision at the end of this year is the provision for impairment of equity of Chang An Property and Liability Insurance Ltd.

###### The Company

Invested companies	31/12/2023	31/12/2022
Subsidiaries	2,505,024,837.10	2,501,666,678.52
Joint ventures	254,126,306.16	451,749,418.27
Associate Companies	758,291,074.14	5,366,466,734.56
Total	3,517,442,217.40	8,319,882,831.35
Less: Provisions for impairment	406,614,985.18	
Net amounts	3,110,827,232.22	8,319,882,831.35

As of 31 December 2023, the restricted equity of subsidiaries held by the Company is as follows:

- (1) The equity of Anhui Goho Capital Holding Co., Ltd., a subsidiary held by our company with a book value of RMB 956 million, has been pledged;
- (2) The equity of Anhui Goho Investment Management Co., Ltd., a subsidiary held by our company with a book value of 11 million yuan, has been frozen;
- (3) The equity of Anhui Fengzhi House Leasing Co., Ltd., a subsidiary held by our company with a book value of 1.17 billion yuan, has been frozen;
- (4) The equity of our subsidiary, Wuhu Taixinpu Enterprise Management Center (Limited Partnership), with a book value of 191 million yuan, has been frozen;
- (5) The equity of our subsidiary, Zongyang Goho Asset Management Co., Ltd., with a book value of 51 million yuan, has been frozen;
- (6) The equity of our subsidiary, Tongling Goho Tianyuan Asset Management Co., Ltd., with a book value of 33 million yuan, has been frozen;
- (7) The equity of our subsidiary Fengyang Goho Asset Management Co., Ltd. with a book value of 15 million yuan has been frozen.

**(2) List of major joint ventures and associate companies:**

Joint ventures or associate companies	Place of incorporation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for investments in Joint ventures or Associate Companies	Strategic for the company's activities (Y/N)
				Direct	Indirect		
Joint ventures							
Tongling Zhifang Enterprise Management Center (LLP) (Note 2)	Tongling, Anhui	Tongling, Anhui	Investment Management Consulting	75.00	6.50	Equity method	Y
Huaibei Goho Jiantou Asset Management Co., Ltd.	Huaibei, Anhui	Huaibei, Anhui	Asset Management	49.00		Equity method	Y
Wuhu Chenghe Investment Management Center (LLP)	Wuhu, Anhui	Wuhu, Anhui	Asset Management	28.43	0.73	Equity method	Y
Mingguang Goho Asset Management Co., Ltd.	Mingguang, Anhui	Mingguang, Anhui	Asset Management	49.00		Equity method	Y
Chizhou Goho Qingtong Asset Management Co., Ltd.	Chizhou, Anhui	Chizhou, Anhui	Asset Management	33.33		Equity method	Y
Associate Companies							
Chang An Property and Liability Insurance Ltd. (Note 3)	Bengbu, Anhui	Bengbu, Anhui	Insurance	31.68		Equity method	Y
Suzhou Goho Chengtong Asset Management Co., Ltd.	Suzhou, Anhui	Suzhou, Anhui	Asset Management	40.00		Equity method	Y
Yuexi Goho Asset Management Co., Ltd.	Anqing, Anhui	Anqing, Anhui	Asset Management	20.00		Equity method	Y

Joint ventures or associate companies	Place of incorporation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for investments in Joint ventures or Associate Companies	Strategic for the company's activities (Y/N)
				Direct	Indirect		
Bozhou Goho Ancheng Asset Management Co., Ltd.	Bozhou, Anhui	Bozhou, Anhui	Asset Management	45.00		Equity method	Y
Beijing Dongfang Bohai Asset Management Co., Ltd.	Beijing	Beijing	Asset Management	20.00		Equity method	Y
Shanghai Puchuang Equity Investment Co., Ltd. (Note 5)	Pudong New Area, Shanghai	Pudong New Area, Shanghai	Corporation Management Consulting		66.03	Equity method	Y

Note 1: In joint ventures, the Group participates in the operational decisions of the joint venture and has joint control with other shareholders over the financial and operational policies of the invested company. Therefore, it is accounted for using the equity method as a joint venture.

Note 2: The proportion of shares held by the Group in some partnership enterprises exceeds 50% or is less than 20%. However, according to the partnership agreement, the partnership meeting is composed of all partners, with the principle of one partner, one vote. Any resolution of the partnership meeting must be unanimously agreed upon by all partners. The functional powers of the partnership meeting include investment decisions, profit distribution, and other matters. Therefore, the Group and other investors form joint control over these partnership enterprises.

Note 3: Chang An Property and Liability Insurance Ltd. (hereinafter referred to as "Chang An Insurance") has temporarily suspended the implementation of the new financial instrument related accounting standards in accordance with the Notice on the Revision and Issuance of Enterprise Accounting Standard No. 25-Insurance Contracts (Finance and Accounting [2020] No. 20).

Note 4: According to the Supplementary Agreement II to the Equity Transfer Agreement signed on 23 April 2023, the 43.505% equity of Shanghai Puchuang Equity Investment Co., Ltd. obtained by our company due to the payment of the down payment has been registered under the name of Wuhu Yuding Enterprise Management Center (Limited Partnership). On 12 April 2023, Anhui Goho Capital Holding Co., Ltd., a subsidiary of our group, increased its capital to Wuhu Yuding Enterprise Management Center (Limited Partnership). After the increase, its shareholding ratio was 99.80%, and it indirectly held 66.03% of Shanghai Puchuang Enterprise Management Consulting Co., Ltd.

Note 5: On 31 December 2023, the 31.68% equity of Chang An Insurance held by the Group was pledged to Wanxiang Trust and frozen due to litigation. The 49% equity of Huaibei Goho Jiantou Asset Management Co., Ltd. held by the Group was pledged to Huaibei Financial Holding Group Co., Ltd; The contract dispute

with Bengbu High tech Group Investment Co., Ltd. regarding the investment in Chang An Insurance resulted in the freezing of 51.22%, 28.43%, and 30% of the equity of Tongling Zhifang Enterprise Management Center (Limited Partnership), Wuhu Chenghe Investment Management Center (Limited Partnership), and Dangtu County Goho Asset Management Co., Ltd., respectively.

## 5. Investment properties

### (1) Investment properties using the cost measurement model

The Group			
Items	Buildings	Land use rights	Total
i. Original book value			
(i)31/12/2022	800,567,579.22	10,515,815.59	811,083,394.81
(ii)Added in this period			
—Additions			
(iii)Decrease in this period	4,375,720.84		4,375,720.84
—Others			
(iv)31/12/2023	796,191,858.38	10,515,815.59	806,707,673.97
ii. Accumulated depreciation and accumulated amortization			
(i)31/12/2022	127,435,990.45	292,106.03	127,728,096.48
(ii)Added in this period			
—Accrual or amortization			
(iii)Decrease in this period	265,524.01		265,524.01
—Others			
(iv)31/12/2023	157,203,363.66	642,633.23	157,845,996.89
iii. Provisions for impairment			
(i)31/12/2022			
(ii)Added in this period			
(iii)Decrease in this period			
(iv)31/12/2023			
iv. Book value			
(i) Book value of 31/12/2023	638,988,494.72	9,873,182.36	648,861,677.08
(ii) Book value of 31/12/2022	673,131,588.77	10,223,709.56	683,355,298.33
Net amount of pledged assets on			
31/12/2022	555,273,394.93		555,273,394.93
Net amount of pledged assets on			
31/12/2023	589,314,196.57	9,873,182.36	599,187,378.93

## 6. Fixed assets

The Group					
Items	Buildings	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
i. Original book value					

Items	Buildings	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
(i)31/12/2022	97,133,179.68	3,645,438.69	5,924,976.11	2,322,899.21	109,026,493.69
(ii)Added in this period		8,427.18			8,427.18
—Additions		8,427.18			8,427.18
(iii)Decrease in this period		306,969.18	1,722,700.51	132,938.00	2,162,607.69
—Disposal or Scrap		255,581.69	1,722,700.51	110,048.00	2,088,330.20
—Change in scope of consolidation		51,387.49		22,890.00	74,277.49
(iv)31/12/2023	97,133,179.68	3,346,896.69	4,202,275.60	2,189,961.21	106,872,313.18
ii. Accumulated depreciation					
(i)31/12/2022	16,609,773.73	3,144,550.69	4,880,549.03	1,982,175.11	26,617,048.56
(ii)Added in this period	3,691,060.83	221,471.28	291,862.79	107,776.06	4,312,170.96
—Accrual	3,691,060.83	221,471.28	291,862.79	107,776.06	4,312,170.96
(iii)Decrease in this period		279,964.85	1,659,521.51	82,889.75	2,022,376.11
—Disposal or Scrap		242,802.60	1,659,521.51	61,144.25	1,963,468.36
—Change in scope of consolidation		37,162.25		21,745.50	58,907.75
(iv)31/12/2023	20,300,834.56	3,086,057.12	3,512,890.31	2,007,061.42	28,906,843.41
iii. Provisions for impairment					
(i)31/12/2022					
(ii)Added in this period					
(iii)Decrease in this period					
(iv)31/12/2023					
iv. Book value					
(i) Book value of 31/12/2023	76,832,345.12	260,839.57	689,385.29	182,899.79	77,965,469.77
(ii) Book value of 31/12/2022	80,523,405.95	500,888.00	1,044,427.08	340,724.10	82,409,445.13
Net amount of pledged assets on 31/12/2022	80,523,405.95				80,523,405.95
Net amount of pledged assets on 31/12/2023	76,832,345.12				76,832,345.12

As at 31 December 2023 and 31 December 2022, the Group found no signs of impairment of fixed assets, and no provision for impairment was made.

### The Company

Items	Electronic equipment	Transportation vehicles	Fixture and furniture	Total
<b>i. Original book value</b>				
(i)31/12/2022	2,248,215.15	3,650,882.71	1,730,949.60	7,630,047.46
(ii)Added in this period	8,427.18			8,427.18
—Additions	8,427.18			8,427.18
(iii)Decrease in this period		1,263,580.00		1,263,580.00
—Disposal or Scrap		1,263,580.00		1,263,580.00
(iv)31/12/2023	2,256,642.33	2,387,302.71	1,730,949.60	6,374,894.64
<b>ii. Accumulated depreciation</b>				
(i)31/12/2022	1,908,974.82	3,385,208.30	1,591,972.08	6,886,155.20
(ii)Added in this period	162,960.57	27,709.20	41,037.67	231,707.44
—Accrual	162,960.57	27,709.20	41,037.67	231,707.44
(iii)Decrease in this period		1,200,401.00		1,200,401.00
—Disposal or Scrap		1,200,401.00		1,200,401.00
(iv)31/12/2023	2,071,935.39	2,212,516.50	1,633,009.75	5,917,461.64
<b>iii. Provisions for impairment</b>				
(i)31/12/2022				
(ii)Added in this period				
(iii)Decrease in this period				
(iv)31/12/2023				
<b>iv. Book value</b>				
(i) Book value of 31/12/2023	184,706.94	174,786.21	97,939.85	457,433.00
(ii) Book value of 31/12/2022	339,240.33	265,674.41	138,977.52	743,892.26
Net amount of pledged assets on 31/12/2022				
Net amount of pledged assets on 31/12/2023				

As at 31 December 2023 and 31 December 2022, the Company's fixed assets are not used for mortgage or guarantee, and the use is not restricted.

As at 31 December 2023 and 31 December 2022, the Company found no signs of impairment of fixed assets, and no provision for impairment was made.

## 7. Right-of-use assets

### The Group

Items	Buildings	Total
<b>i. Original book value</b>		
(i) 1/1/2023	45,517,622.66	45,517,622.66
<b>(ii) Added in this period</b>		
— Additions	63,060.42	63,060.42
<b>(iii) Decrease in this period</b>		
— Disposal	16,354,431.65	16,354,431.65
— Rent reduction		
— Change in scope of consolidation	158,987.41	158,987.41
(iv) 31/12/2023	29,226,251.43	29,226,251.43
<b>ii. Accumulated depreciation</b>		
(i) 1/1/2023	14,721,690.90	14,721,690.90
<b>(ii) Added in this period</b>		
— Accrual	8,455,839.18	8,455,839.18
<b>(iii) Decrease in this period</b>		
— Disposal	2,927,611.69	2,927,611.69
— Change in scope of consolidation	61,828.48	61,828.48
(iv) 31/12/2023	20,249,918.39	20,249,918.39
<b>iii. Provisions for impairment</b>		
(i) 1/1/2023		
(ii) Added in this period		
(iii) Decrease in this period		
(iv) 31/12/2023		
<b>iv. Book value</b>		
(i) Book value of 31/12/2023	8,976,333.04	8,976,333.04
(ii) Book value of 1/1/2023	30,795,931.76	30,795,931.76

### The Company

Items	Buildings	Total
<b>i. Original book value</b>		
(i) 1/1/2023	38,347,920.67	38,347,920.67
<b>(ii) Added in this period</b>		
— Additions	4,240,562.43	4,240,562.43

Items	Buildings	Total
(iii) Decrease in this period	18,855,592.80	18,855,592.80
—Disposal	18,855,592.80	18,855,592.80
(iv) 31/12/2023	23,732,890.30	23,732,890.30
<b>ii. Accumulated depreciation</b>		
(i) 1/1/2023	8,553,293.14	8,553,293.14
(ii) Added in this period	7,365,601.50	7,365,601.50
—Accrual	7,365,601.50	7,365,601.50
(iii) Decrease in this period	3,797,725.52	3,797,725.52
—Disposal	3,797,725.52	3,797,725.52
(iv) 31/12/2023	12,121,169.12	12,121,169.12
<b>iii. Provisions for impairment</b>		
(i) 1/1/2023		
(ii) Added in this period		
(iii) Decrease in this period		
(iv) 31/12/2023		
<b>iv. Book value</b>		
(i) Book value of 31/12/2023	11,611,721.18	11,611,721.18
(ii) Book value of 1/1/2023	29,794,627.53	29,794,627.53

## 8. Intangible assets

### The Group

Items	Software license	Total
<b>i. Original book value</b>		
(i) 31/12/2022	5,258,218.86	5,258,218.86
(ii) Added in this period	141,509.43	141,509.43
—Additions	141,509.43	141,509.43
(iii) Decrease in this period		
—Disposal		
(iv) 31/12/2023	5,399,728.29	5,399,728.29
<b>ii. Accumulated depreciation</b>		
(i) 31/12/2022	2,030,988.71	2,030,988.71
(ii) Added in this period	537,526.42	537,526.42
—Accrual	537,526.42	537,526.42
(iii) Decrease in this period		
—Disposal		

Items	Software license	Total
(iv)31/12/2023	2,568,515.13	2,568,515.13
iii. Provisions for impairment		
(i)31/12/2022		
(ii)Added in this period		
(iii)Decrease in this period		
(iv)31/12/2023		
iv. Book value		
(i) Book value of 31/12/2023	2,831,213.16	2,831,213.16
(ii) Book value of 31/12/2022	3,227,230.15	3,227,230.15

### The Company

Items	Software license	Total
i. Original book value		
(i)31/12/2022	2,644,048.14	2,644,048.14
(ii)Added in this period	141,509.43	141,509.43
—Additions	141,509.43	141,509.43
(iii)Decrease in this period		
—Disposal		
(iv)31/12/2023	2,785,557.57	2,785,557.57
ii. Accumulated depreciation		
(i)31/12/2022	917,096.00	917,096.00
(ii)Added in this period	276,197.26	276,197.26
—Accrual	276,197.26	276,197.26
(iii)Decrease in this period		
—Disposal		
(iv)31/12/2023	1,193,293.26	1,193,293.26
iii. Provisions for impairment		
(i)31/12/2022		
(ii)Added in this period		
(iii)Decrease in this period		
(iv)31/12/2023		
iv. Book value		
(i) Book value of 31/12/2023	1,592,264.31	1,592,264.31
(ii) Book value of 31/12/2022	1,726,952.14	1,726,952.14

As at 31 December 2023 and 31 December 2022, the Group and the Company's intangible assets are not used for mortgage or guarantee, and the use is not restricted.

As at 31 December 2023 and 31 December 2022, the Group and the Company found no signs of impairment of intangible assets, and no provision for impairment was made.

## 9. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets before offsetting

#### The Group

Items	31/12/2023		31/12/2022	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provisions for impairment	20,295,831.79	4,411,934.03	156,764,006.84	38,438,773.18
Changes in fair value of held-for-trading financial assets	5,325,018.92	1,331,254.74	78,656,814.66	19,664,203.68
Total	25,620,850.71	5,743,188.77	235,420,821.50	58,102,976.86

#### The Company

Items	31/12/2023		31/12/2022	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provisions for impairment			143,137,028.26	35,784,257.07
Changes in fair value of held-for-trading financial assets			65,603,172.42	16,400,793.12
Total			208,740,200.68	52,185,050.19

### (2) Deferred tax liabilities before offsetting

#### The Group

Items	31/12/2023		31/12/2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of held-for-trading financial assets	618,194.43	154,548.61	87,075,371.53	21,768,842.88
Total	618,194.43	154,548.61	87,075,371.53	21,768,842.88

#### The Company

Items	31/12/2023		31/12/2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of held-for-trading financial assets			75,919,922.24	18,979,980.56
Total			75,919,922.24	18,979,980.56

### (3) Deferred tax assets or liabilities after offsetting

#### The Group

Items	31/12/2023		31/12/2022	
	Balance of deferred tax assets or liabilities after offsetting		Balance of deferred tax assets or liabilities after offsetting	
Deferred tax assets	5,614,945.85		39,122,996.30	
Deferred tax liabilities	154,548.61		2,788,862.32	

#### The Company

Items	31/12/2023		31/12/2022	
	Balance of deferred tax assets or liabilities after offsetting		Balance of deferred tax assets or liabilities after offsetting	
Deferred tax assets			33,205,069.63	

## 10. Other assets

#### The Group

Items	31/12/2023	31/12/2022
Fund lending	382,914,334.67	338,040,005.11
Other accounts receivables	77,288,428.32	45,030,909.78
Prepayments	113,819,445.98	153,275,991.45
Input tax to be deducted	2,048,489.43	17,405,129.56
Others	227,967.16	3,164,441.85
Total	576,298,665.56	556,916,477.75
Less: Provisions for bad debt	84,732,986.85	59,901,471.95
Net amounts	491,565,678.71	497,015,005.80

As at 31 December 2023, the Group's fund lending interest rate is from 6.5% to 15%, and the lending term is from 1 year to 5 years (31 December 2022: the Group's fund lending interest rate is from 6.5% to 15%, and the lending term is from 1 year to 5 years).

**The Company**

Items	31/12/2023	31/12/2022
Fund lending	97,331,655.24	74,300,000.00
Other accounts receivables	74,638,925.21	32,730,731.28
Prepayments	115,161,310.26	155,897,291.37
Accounts receivable from subsidiaries	6,293,159,585.83	311,216,232.04
Others	34,412.92	34,472.32
<b>Total</b>	<b>6,580,325,889.46</b>	<b>574,178,727.01</b>
Less: Provisions for bad debt	78,679,609.13	54,135,051.52
<b>Net amounts</b>	<b>6,501,646,280.33</b>	<b>520,043,675.49</b>

As at 31 December 2023, the Company's fund lending interest rate is from 9% to 10%, and the lending term is from 1 year to 5 years (31 December 2022: the Company's fund lending interest rate is from 9% to 10%, and the lending term is from 1 year to 5 years).

Aging analysis of other receivables

The Group

Aging	31/12/2023				31/12/2022			
	Amounts	Proportion	Provisions for bad debt	Net amounts	Amounts	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	39,045,723.19	50.52%	23,626,441.16	15,419,282.03	14,340,921.25	31.85%		14,340,921.25
1-2 years (inclusive)	10,183,827.69	13.18%		10,183,827.69	15,160,596.85	33.67%		15,160,596.85
2-3 years (inclusive)	15,006,115.86	19.42%		15,006,115.86	10,005,702.50	22.22%		10,005,702.50
Over 3 years	13,052,761.58	16.88%		13,052,761.58	5,523,689.18	12.26%		5,523,689.18
Total	77,288,428.32	100.00%	23,626,441.16	53,661,987.16	45,030,909.78	100.00%		45,030,909.78

The Company

Aging	31/12/2023				31/12/2022			
	Amounts	Proportion	Provisions for bad debt	Net amounts	Amounts	Proportion	Provisions for bad debt	Net amounts
Within 1 year (inclusive)	45,001,848.61	60.29%	23,626,441.16	21,375,407.45	4,623,168.28	14.13%		4,623,168.28
1-2 years (inclusive)	1,549,513.60	2.08%		1,549,513.60	15,149,184.90	46.28%		15,149,184.90
2-3 years (inclusive)	15,149,184.90	20.30%		15,149,184.90	10,000,000.00	30.55%		10,000,000.00
Over 3 years	12,938,378.10	17.33%		12,938,378.10	2,958,378.10	9.04%		2,958,378.10
Total	74,638,925.21	100.00%	23,626,441.16	51,012,484.05	32,730,731.28	100.00%		32,730,731.28

## 11. Provision for impairment of assets

### The Group

Items	31/12/2022	Accrual	Write-off and others	31/12/2023
Provision for impairment of fund lending and other receivables	59,901,471.95	24,734,392.63	-97,122.27	84,732,986.85
Provision for impairment of debt investments	102,590,033.65	-58,993,323.83	26,006.36	43,570,703.46
Provision for impairment of long-term equity investments		406,614,985.18		406,614,985.18
<b>Total</b>	<b>162,491,505.60</b>	<b>372,356,053.98</b>	<b>-71,115.91</b>	<b>534,918,675.49</b>

### The Company

Items	31/12/2022	Accrual	Write-off and others	31/12/2023
Provision for impairment of fund lending and other receivables	54,135,051.52	24,544,557.61		78,679,609.13
Provision for impairment of debt investments	89,001,976.74	-65,498,348.38		23,503,628.36
Provision for impairment of long-term equity investments		406,614,985.18		406,614,985.18
<b>Total</b>	<b>143,137,028.26</b>	<b>365,661,194.41</b>		<b>508,798,222.67</b>

## 12. Restricted ownership of assets

(1) At balance sheet date, the book value of assets used as collateral and collateral for short-term borrowings, long-term borrowings, long-term payables, bonds payable, and other payables is as follows:

### The Group

Items	31/12/2023	31/12/2022
Short-term borrowings	185,472,173.76	5,022,500.00
Long-term borrowings-Mortgage loan	1,036,683,333.42	1,001,162,500.06
Long-term borrowings-Pledged loan	124,288,587.08	125,397,237.26
Long-term payables	153,985,071.32	196,944,602.74
bonds payable	387,349,041.05	
other payables	114,895,984.17	
<b>Sub-total</b>	<b>2,002,674,190.80</b>	<b>1,328,526,840.06</b>
Sub-total of book value of mortgaged assets	1,134,532,416.96	635,796,800.88
-Fixed assets	76,832,345.12	80,523,405.95
-Investment properties	599,187,378.93	555,273,394.93

Items	31/12/2023	31/12/2022
Held for trading financial assets	18,000,000.00	
Long-term equity investments	440,512,692.91	

(I) Refer to Note V (13) for detailed information on the short-term mortgage loans mentioned above.

(II) Refer to Note V (19) for detailed information on the long-term mortgage and pledge loans mentioned above.

(III) The collateral for the long-term accounts payable mentioned above is the property on the 31st to 48th floors of the first phase of the Australia China Wealth Center under the subsidiary Anhui Fengzhi House Leasing Co., Ltd., and the 20% equity of the subsidiary Anhui Goho Capital Holdings Co., Ltd.

(IV) The collateral for the other payables mentioned above is Room 1005, 1102, 1302, 1603, 1702, 1704, 1706, Building B4, Rose Gentlemen City, No. 99 Feihe Road, Baohe District, under the subsidiary Anhui Fengzhi House Leasing Co., Ltd., as well as Room 1702, 1704, and 1706 of Building B3. At the same time, the collateral for this other payables is the management fee that the company should collect from Mengcheng Hongye, as well as the principal and income of the company's subscription of inferior C-class trust shares.

(V) Refer to Note V (18) for detailed information on the above-mentioned payable bonds.

**(2). As of 31 December 2023 and 31 December 2022, the restricted monetary funds of the Group and the Company can be found in Note V, (1).**

**(3). As of 31 December 2023 and 31 December 2022, the assets of the Group and the Company used as collateral for selling repurchase can be found in Note V (45).**

**(4). As of 31 December 2023, please refer to Note V (4) for the restricted long-term equity investments of the Group and the Company.**

### 13. Short-term borrowings

#### The Group

Types	31/12/2023	31/12/2022
Unsecured loans	17,033,763.88	58,048,333.33
Mortgage and guaranteed loan	185,472,173.76	122,247,468.06
Mortgage loan		5,022,500.00
Guaranteed loan		75,187,110.43
Total	202,505,937.64	260,505,411.82
Borrowing institution		
Bank	202,505,937.64	255,482,911.82
Non-financial institutions		5,022,500.00

Types	31/12/2023	31/12/2022
Total	202,505,937.64	260,505,411.82

#### The Company

Types	31/12/2023	31/12/2022
Unsecured loans	17,033,763.88	58,048,333.33
Mortgage and guaranteed loan	114,296,083.33	122,247,468.06
Total	131,329,847.21	180,295,801.39
Borrowing institution		
Bank	131,329,847.21	180,295,801.39
Non-financial institutions		
Total	131,329,847.21	180,295,801.39

On 31 December 2023, the mortgage and guaranteed loan of RMB 114 million of the Group and the Company was mortgaged by 14,634.03 square meters of the property of the Australia-China Wealth Center Phase I held by the third party of Australia-China Fortune (Hefei) Investment and Real Estate Co., Ltd., and guaranteed by the related natural person Li Shuangquan and the actual controller Li Houwen. The subsidiary of our group, Tongling Goho Tianyuan Asset Management Co., Ltd., has pledged and guaranteed a loan of RMB 71 million, which is jointly and severally guaranteed by our company. The 1-3 floors of Building 19, Jiangnan Cultural Park (Italian Style Street) in Wusong Town, under the name of our subsidiary, Tongling Goho Tianyuan Asset Management Co., Ltd., are used as collateral.

On 31 December 2022, the mortgage and guaranteed loan of RMB 122 million of the Group and the Company was mortgaged by 14,634.03 square meters of the property of the Australia-China Wealth Center Phase I held by the third party of Australia-China Fortune (Hefei) Investment and Real Estate Co., Ltd., and guaranteed by the related natural person Li Shuangquan and the actual controller Li Houwen.

On December 31, 2022, the mortgage loan of RMB 5 million of the Group's subsidiary Anhui Fengzhi House Leasing Co., Ltd. was mortgaged by Room 1605, Room 1502, Room 1405, Room 1104, and Room 1003, Building B4, Rose City, No. 99 Feihe Road, Baohe District.

On 31 December 2022, the guaranteed loan of RMB 75 million of the Group's subsidiary Tongling Goho Tianyuan Asset Management Co., Ltd. (hereinafter referred to as "Tongling Goho") was guaranteed by the Company.

#### 14. Financial assets sold under repurchase agreements

##### The Group

Items	31/12/2023	31/12/2022
Creditor's rights	174,984,670.94	324,049,023.28
Total	174,984,670.94	324,049,023.28

**The Company**

Items	31/12/2023	31/12/2022
Creditor's rights	151,682,902.34	316,749,023.28
Total	151,682,902.34	316,749,023.28

**15. Contract liabilities**

**The Group**

Items	31/12/2023	31/12/2022
Project deferred income	64,150,611.87	167,307,365.92
Others	7,504,348.11	7,035,630.19
Total	71,654,959.98	174,342,996.11

**The Company**

Items	31/12/2023	31/12/2022
Project deferred income	54,571,309.98	143,705,661.17
Others	7,504,348.11	7,035,630.19
Total	62,075,658.09	150,741,291.36

**16. Employee benefits payable**

**The Group**

Items	31/12/2022	Increase	Decrease	31/12/2023
Salaries and bonuses	3,675,888.05	40,484,713.44	40,971,416.74	3,189,184.75
Social insurance fee	5,299.05	2,670,993.62	2,672,681.62	3,611.05
Defined benefits plans (Note)	20,997.43	4,845,139.09	4,852,160.81	13,975.71
Housing fund	37,886.43	2,240,134.43	2,263,209.99	14,810.87
Employee welfare		1,233,479.28	1,233,479.28	
Labour union expenditure	5,170.60	154,865.07	158,920.08	1,115.59
Dismissal benefits		6,081,832.86	5,863,100.86	218,732.00
Total	3,745,241.56	57,711,157.79	58,014,969.38	3,441,429.97

Note: The Group participates in pension insurance and unemployment insurance plans established by government agencies as required. According to these plans, the Group will pay 16% and 0.5% of the average monthly salary of the previous year to these plans in 2023. Except for the above fees, the Group will not undertake any further payment obligations. Corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

**The Company**

Items	31/12/2022	Increase	Decrease	31/12/2023
Salaries and bonuses	1,605,422.66	17,326,411.24	16,773,243.07	2,158,590.83
Social insurance fee		1,080,134.79	1,080,134.79	
Defined benefits plans (Note)		2,200,370.29	2,200,370.29	
Housing fund		972,808.60	972,808.60	
Employee welfare		877,487.91	877,487.91	
Labour union expenditure	500.00	87,600.22	87,600.22	500.00
Total		3,848,820.11	3,753,339.11	95,481.00

Note: The Company participates in pension insurance and unemployment insurance plans established by government agencies as required. According to these plans, the Company will pay 16% and 0.5% of the average monthly salary of the previous year to these plans in 2023. Except for the above fees, the Company will not undertake any further payment obligations. Corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

## 17. Taxes payable

### The Group

Items	31/12/2023	31/12/2022
Enterprise income tax	42,614,584.87	50,445,686.61
VAT	583,143.36	2,382,500.56
City maintenance and construction tax	40,666.26	153,782.14
Educational surcharge	17,391.78	67,829.09
Local education surcharge	11,594.52	45,219.38
Water conservancy funds	6,625.88	17,384.54
Others	726,151.35	996,885.91
Total	44,000,158.02	54,109,288.23

### The Company

Items	31/12/2023	31/12/2022
Enterprise income tax	36,927,720.59	36,927,720.59
VAT	193,799.14	1,234,423.65
City maintenance and construction tax	13,565.94	86,409.66
Educational surcharge	5,813.97	37,032.71
Local education surcharge	3,875.98	24,688.47
Water conservancy funds	4,072.36	9,747.13
Others	177,052.25	223,520.33
Total	37,325,900.23	38,543,542.54

## 18. Bonds payable

### The Group

Items	31/12/2022	Issued this period	Interest is accrued at face value	Repay this period	Foreign currency translation difference	31/12/2023
Corporate bonds (Note 1)	2,760,704,017.03		177,521,492.49	175,423,022.05	22,268,667.63	2,785,071,155.10
Debt financing instruments (Note 2)	914,740,757.83		61,844,358.63	200,237,500.00		776,347,616.46
Total	3,675,444,774.86		239,365,851.12	375,660,522.05	22,268,667.63	3,561,418,771.56
Less: Bonds payable due within 1 year	1,526,890,607.62					1,708,170,984.04
Bonds payable due in 1 year	2,148,554,167.24					1,853,247,787.52

### The Company

Items	31/12/2022	Issued this period	Interest is accrued at face value	Repay this period	Foreign currency translation difference	31/12/2023
Corporate bonds (Note 1)	1,447,663,586.32		87,840,891.86	85,931,140.00		1,449,573,338.18
Debt financing instruments (Note 2)	914,740,757.83		61,844,358.63	200,237,500.00		776,347,616.46
Total	2,362,404,344.15		149,685,250.49	286,168,640.00		2,225,920,954.64
Less: Bonds payable due within 1 year	914,740,757.83					1,096,021,134.25
Bonds payable due in 1 year	1,447,663,586.32					1,129,899,820.39

As at 31 December 2023 and 31 December 2022, neither the Group nor the Company had defaulted bonds.

Note 1:

(i) In June 2019, the Company issued 3+2 years fixed-rate unsecured bonds. At the end of the third year, the issuer has the right to raise the coupon rate and investors have the option to sell it back. The issuing scale is RMB 400 million, the starting date is June 27, 2019, the coupon rate is 7.00%, and the interest is paid once a year. In 2022, the principal of RMB 221 million has been repaid.

(ii) In May 2022, the Company issued a non-public offering of bonds with a total face value of RMB 1.223 billion with a fixed coupon rate of 6% for a period of 5 years, at the end of the second year, the third year and the fourth year, the investor has the option to sell it back. The interest is paid annually.

(iii) In March 2021, New Momentum International Limited, a subsidiary of the Group, issued bonds of US\$100 million with a term of 3 years and a coupon rate of 4.50%. Interest is paid on March 31 and September 30 each year. Bank of Jiujiang Co., Ltd. provided a standby letter of credit for this issuance for credit enhancement, and the Company provided guarantee for the issuance of the above-mentioned bonds.

(iv) In June 2021, New Momentum International Limited, a subsidiary of the Group, issued bonds of US\$88 million with a term of 2 years and a coupon rate of 8.50%. Interest is paid on June 30 and December 31 each year. The Company provided guarantee for the issuance of the above-mentioned bonds.

On 27 June 2023, New Momentum International Limited, a subsidiary of the Group, issued a US dollar bond exchange offer to replace the aforementioned US \$88 million bonds, which have been settled. The issuance period of the US dollar bond exchange offer is 364 days, with interest paid every six months on 27 December 2023 and 25 June 2024.

Note 2:

(i) In August 2018, the Company issued non-public issuance of directional debt financing instruments (Phase 1) with a total face value of RMB 500 million for 3+2 years, with a fixed coupon rate of 6.40%, and interest is paid once a year. At the end of the third year after the issuance, investors have the option to sell it back. In 2023, a repurchase of RMB 120 million was made, and a supplementary agreement was signed on 10 August 2023. The term was changed from 3+2 years to 3+2+1 years, and the interest payment method was changed from paying interest once a year to paying interest every six months. The interest payment dates were 17 February 2024 and 17 August 2024.

(ii) In September 2018, the Company issued non-public issuance of directional debt financing instruments (Phase 2) with a total face value of RMB 500 million for 3+2 years, with a fixed coupon rate of 7%, and interest is paid once a year. At the end of the third year after the issuance, investors have the option to sell it back, and the Company has repurchased of RMB 100 million in September 2021. In 2023, RMB 20 million has been repurchased, and a supplementary agreement will be signed on 14 September 2023. The term will change from 3+2 years to 3+2+1 years. The interest payment method will change from once a year to once every six months. The interest payment dates will be 21 February 2024 and 21 September 2024. The real estate and land of Mount Huangshan Goho Asset Management Co., Ltd. located in Mount Huangshan Taiping Economic Development Zone in Anhui will be used as collateral.

## 19. Long-term borrowings

### The Group

Types	31/12/2023	31/12/2022
Guaranteed loan	612,519,113.90	581,347,791.77
Mortgage loan	1,036,683,333.42	1,001,162,500.06
Pledged loan	124,288,587.08	125,397,237.26
Total	1,773,491,034.40	1,707,907,529.09
Less: Long-term borrowings due within 1 year	736,807,700.98	51,534,625.45
Of which: Guaranteed loan	612,519,113.90	1,030,588.19
Pledged loan	124,288,587.08	50,504,037.26
Long-term borrowings due over 1 year	1,036,683,333.42	1,656,372,903.64
Borrowing institutions		
Bank	141,296,078.77	143,427,825.45
Non-financial institutions	1,632,194,955.63	1,564,479,703.64
Total	1,773,491,034.40	1,707,907,529.09

### The Company

Types	31/12/2023	31/12/2022
Guaranteed loan	612,519,113.90	562,315,032.60
Mortgage loan	1,036,683,333.42	1,001,162,500.06
Pledged loan	124,288,587.08	125,397,237.26
Total	1,773,491,034.40	1,688,874,769.92
Less: Long-term borrowings due within 1 year	736,807,700.98	51,534,625.45
Of which: Guaranteed loan	612,519,113.90	1,030,588.19
Pledged loan	124,288,587.08	50,504,037.26
Long-term borrowings due over 1 year	1,036,683,333.42	1,637,340,144.47
Borrowing institutions		
Bank	141,296,078.77	143,427,825.45
Non-financial institutions	1,632,194,955.63	1,545,446,944.47
Total	1,773,491,034.40	1,688,874,769.92

On 31 December 2023, RMB 500 million of the guaranteed loans of the Group and the Company were guaranteed by a third-party company; The guaranteed loans of RMB 17 million from the Group and the Company are guaranteed by the shareholder Anhui Boya Investment Co., Ltd. On 31 December 2023, the Group and the Company had a mortgage loan of RMB 1 billion, with the 31st to 48th floors of the Australian China Wealth Center Phase I under the subsidiary Anhui Fengzhi House Leasing Co., Ltd. as collateral. At the same time, the Company used its 31.68%

equity in Chang'an Liability Insurance Co., Ltd. as collateral.

On 31 December 2023, the Group and the Company pledged a loan of RMB 120 million, with Anhui Goho Capital Holding Co., Ltd.'s equity of RMB 400 million held by Goho Asset Management Co., Ltd. as collateral. The collateral was provided by the shareholder Anhui Boya Investment Co., Ltd., related party Bengbu Quanrui Trading Co., Ltd., related party Anhui Wenfeng Investment Group Co., Ltd., and the actual controller Li Houwen. The collateral was the property of Room 1605, Room 1502, Room 1405, Room 1104, and Room 1003, Building B4, Rose Gentleman City, No. 99 Feihe Road, Baohe District, under the subsidiary Anhui Fengzhi House Leasing Co., Ltd. The loan is due on 27 November 2023 and is currently in litigation. No extension agreement has been signed yet.

On 31 December 2022, the guaranteed loan of RMB 500 million of the Group and the Company was guaranteed by a third party company; the guaranteed loan of RMB 18 million of the Group and the Company was guaranteed by Anhui Boya. The guaranteed loan of RMB 19 million of Xuancheng Goho Asset Management Co., Ltd.(hereinafter referred to as "Xuancheng Goho"), a subsidiary of the Group, was guaranteed by the third party Xuancheng SME Financing Guarantee Co., Ltd.; at the same time, the Company provided counter guarantee to the above third party guarantor with the 55% equity of Xuancheng Goho (pledge amount is RMB 33 million) and its fruits; Xuancheng State-owned Assets Investment co., Ltd. provided counter guarantee to the above third party guarantor with the 45% equity of Xuancheng Goho (pledge amount is RMB 27 million) and its fruits.

On 31 December 2022, the mortgage loan of RMB 1 billion of the Group and the Company was mortgaged by the property of the 31st to 48th floors of Australia-China Fortune Center phase I held by Anhui Fengzhi House Leasing Co., Ltd. which is the subsidiary of the Group. At the same time, the Company pledged RMB 1.4 billion of creditor's rights of Anhui Yinghong Investment Co., Ltd. and RMB 1.03 billion of the equity of Chang An Property and Liability Insurance Ltd.

On 31 December 2022, for the pledged loan of RMB 125 million of the Group and the Company, the Company used RMB 400 million of the equity of Anhui Goho Capital Holding Co., Ltd. as the pledge, and Anhui Boya, the related party Bengbu Quanrui Trading Co., Ltd., and the related party Anhui Wenfeng Investment Group Co., Ltd. and the actual controller Li Houwen provided guarantees.

## 20. Lease liabilities

### The group

Items	Buildings	Total
1/1/2023	31,565,697.66	31,565,697.66
Changes	-20,445,333.25	-20,445,333.25
Interest expenses	3,116,302.93	3,116,302.93
Lease Payment	3,963,780.73	3,963,780.73
31/12/2023	10,272,886.61	10,272,886.61

### The Company

Items	Buildings	Total
1/1/2023	30,922,843.46	30,922,843.46
Changes	-11,448,986.45	-11,448,986.45
Interest expenses	1,151,418.89	1,151,418.89
Lease Payment	6,575,020.23	6,575,020.23
31/12/2023	14,050,255.67	14,050,255.67

## 21. Others liabilities

### The Group

Items	31/12/2023	31/12/2022
Other payables	795,348,978.16	1,179,641,391.67
Receipts in advance	225,493.93	564,206.31
Other shareholders' equity in consolidated structured entity	200,002,161.24	200,003,181.54
Long-term payables	153,985,071.32	196,944,602.74
Others	54,540,170.99	83,353,910.74
Total	1,204,101,875.64	1,660,507,293.00

### The Company

Items	31/12/2023	31/12/2022
Other payables	2,743,992,305.84	3,274,578,899.15
Long-term payables	153,985,071.32	196,944,602.74
Others	47,598,287.72	74,660,029.08
Total	2,945,575,664.88	3,546,183,530.97

## 22. Paid-in capital

### The Group and the Company

Items	31/12/2023		31/12/2022	
	Actual contribution(RMB)	Proportion %	Actual contribution(RMB)	Proportion%
Anhui Boya	905,929,000.00	32.44	905,929,000.00	32.44
Hangzhou Wenxin Renaissance Equity Investment Fund Partnership (LLP)	493,024,550.00	17.66	493,024,550.00	17.66
Shanghai Dongxing Investment Holding Development Co., Ltd.	369,767,750.00	13.24	369,767,750.00	13.24
Shenzhen Langrun Group Co., Ltd.	306,086,257.00	10.96	306,086,257.00	10.96

Items	31/12/2023		31/12/2022	
	Actual contribution(RMB)	Proportion %	Actual contribution(RMB)	Proportion%
Tibet Pengding Enterprise Management Partnership (LLP)	246,510,950.00	8.83	246,510,950.00	8.83
Wuhu Houshi Trading Co., Ltd.	246,510,950.00	8.83	246,510,950.00	8.83
Zhongguang Caijin Xinglong (Lancao) Equity Investment Fund Partnership (LLP)	197,209,303.00	7.06	197,209,303.00	7.06
Yangzhong XCMG Industrial Investment Partnership (LLP)	27,390,181.00	0.98	27,390,181.00	0.98
Total	2,792,428,941.00	100.00	2,792,428,941.00	100.00

### 23. Capital reserve

#### The Group and the Company

Items	31/12/2022	Increase	Decrease	31/12/2023
Capital premium				
Capital contribution from investors	1,276,322,635.95			1,276,322,635.95
Others	-1,772,257.98	1,772,257.98		
Total	1,274,550,377.97	1,772,257.98		1,276,322,635.95

### 24. Other comprehensive income

#### The Group

Items	31/12/2022	Amount in this period				31/12/2023
		Amount of income before tax for the current period	Less: Income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
i. Other comprehensive income that cannot be reclassified to profit or loss						
ii. Other comprehensive income to be reclassified to profit or loss	56,946,965.44	-57,387,880.69		-57,387,880.69		-440,915.25
Of which: Other comprehensive	57,360,901.09	-57,360,901.09		-57,360,901.09		

Items	31/12/2022	Amount in this period				31/12/2023
		Amount of income before tax for the current period	Less: Income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
income that can be transferred to profit or loss under the equity method						
Translation differences of financial statements denominated in foreign currencies	-413,935.65	-26,979.60		-26,979.60		-440,915.25
<b>Total</b>	<b>56,946,965.44</b>	<b>-57,387,880.69</b>		<b>-57,387,880.69</b>		<b>-440,915.25</b>

### The Company

Items	31/12/2022	Amount in this period			31/12/2023
		Amount of income before tax for the current period	Less: Income tax	Amount after tax	
i. Other comprehensive income that cannot be reclassified to profit or loss					
ii. Other comprehensive income to be reclassified to profit or loss	57,360,901.09	-57,360,901.09		57,360,901.09	-
Of which: Other comprehensive income that can be transferred to profit or loss under the equity method	57,360,901.09	-57,360,901.09		57,360,901.09	-
<b>Total</b>	<b>57,360,901.09</b>	<b>-57,360,901.09</b>		<b>57,360,901.09</b>	<b>-</b>

## 25. Surplus reserve

### The Group

Items	31/12/2022	Increase	Decrease	31/12/2023
Statutory surplus reserve	137,924,008.18			137,924,008.18
Total	137,924,008.18			137,924,008.18

#### The Company

Items	31/12/2022	Increase	Decrease	31/12/2023
Statutory surplus reserve	138,324,008.18			138,324,008.18
Total	138,324,008.18			138,324,008.18

According to the Company Law, the Company may transfer at 10% of net profit to the statutory surplus reserve and may cease to transfer when the statutory surplus reserve reaches up to 50% of the capital reserve.

## 26. Retained profits

#### The group

Items	2023	2022
Retained profits at the beginning of the year	314,878,226.56	671,654,245.16
Adjusted retained profits at the beginning of the year	314,878,226.56	671,654,245.16
Add: Net profit attributable to owners of the parent company for the period	-686,168,564.94	-356,776,018.60
Retained profits at the end of the year	-371,290,338.38	314,878,226.56

#### The Company

Items	2023	2022
Retained profits at the beginning of the year	197,190,121.60	623,635,857.59
Adjusted retained profits at the beginning of the year	197,190,121.60	623,635,857.59
Add: Net profit	-881,834,937.34	-426,445,735.99
Retained profits at the end of the year	-684,644,815.74	197,190,121.60

## 27. Debt investments income

#### The Group

Items	2023	2022
Interest income from distressed assets	76,728,539.66	7,577,331.75
Total	76,728,539.66	7,577,331.75

#### The Company

Items	2023	2022
Interest income from distressed assets	68,326,809.83	-9,079,532.35
Total	68,326,809.83	-9,079,532.35

## 28. Net gains on disposal of distressed assets

### The Group and the Company

Items	2023	2022
Held-for-trading financial assets - distressed assets	16,639,005.05	-1,300,539.36
Total	16,639,005.05	-1,300,539.36

## 29. Fee and commission income

### The Group

Items	2023	2022
Financial consulting income	189,101,400.19	388,467,862.31
Income from fund management business	39,694,996.34	53,589,956.09
Total	228,796,396.53	442,057,818.40

### The Company

Items	2023	2022
Financial consulting income	149,039,500.61	323,646,818.86
Total	149,039,500.61	323,646,818.86

## 30. Interest income

### The Group

Items	2023	2022
Fund lending	17,904,106.89	14,268,614.23
Financial assets purchased under resale agreements		1,016,743.94
Bank balances	-1,322,733.31	3,850,420.13
Other receivables		10,953,378.79
Total	16,581,373.58	30,089,157.09

### The Company

Items	2023	2022
Fund lending	4,922,850.79	10,840,646.65
Bank balances	-1,825,950.33	3,513,050.52
Total	3,096,900.46	14,353,697.17

### 31. Investment income

#### The Group

Items	2023	2022
Held-for-trading financial assets	-26,059,533.59	1,306,789.36
Debt investments		612,845.00
Long-term equity investments	200,129,978.07	175,726,057.29
Including: Income recognized under equity method	185,547,577.63	175,726,057.29
Income from disposal of equity	14,582,400.44	
<b>Total</b>	<b>174,070,444.48</b>	<b>177,645,691.65</b>

#### The Company

Items	2023	2022
Held-for-trading financial assets	-32,411,130.62	2,878,008.20
Long-term equity investments	-4,586,158.54	137,397,670.42
Including: Income recognized under equity method	-75,888,155.59	114,621,648.91
Income from disposal of equity	26,311,813.55	
Profit distribution declared by the investee under cost method	44,990,183.50	22,776,021.51
<b>Total</b>	<b>-36,997,289.16</b>	<b>140,275,678.62</b>

### 32. Other income

#### The Group

Items	2023	2022
Income from fiscal refunds	3,967,242.07	31,863,213.28
<b>Total</b>	<b>3,967,242.07</b>	<b>31,863,213.28</b>

#### The Company

Items	2023	2022
Income from fiscal refunds	342,182.30	24,066,682.02
<b>Total</b>	<b>342,182.30</b>	<b>24,066,682.02</b>

### 33. Gains or losses from changes in fair values

#### The Group

Items	2023	2022
Held-for-trading financial assets	-30,412,845.77	-71,049,416.18
<b>Total</b>	<b>-30,412,845.77</b>	<b>-71,049,416.18</b>

#### The Company

Items	2023	2022
Held-for-trading financial assets	-19,259,501.28	-65,560,132.92
Total	-19,259,501.28	-65,560,132.92

### 34. Fee and commission expenses

#### The Group

Items	2023	2022
Financial consulting fee	73,088,434.05	143,316,187.78
Other fee expenses	1,080,807.28	4,436,472.50
Total	74,169,241.33	147,752,660.28

#### The Company

Items	2023	2022
Financial consulting fee	61,605,758.81	116,522,636.88
Other fee expenses	63,164.57	71,782.49
Total	61,668,923.38	116,594,419.37

### 35. Interest expenses

#### The Group

Items	2023	2022
Borrowings	130,971,982.17	175,996,749.39
Bonds payable	314,570,747.58	245,638,495.75
Other payables	32,920,509.07	29,782,013.23
Long-term payables	16,141,369.86	17,390,180.34
Changes in the profit that should be enjoyed by other holders in consolidated structured entity	-1,020.30	9,998,331.23
Financial assets sold under repurchase agreements	26,384,523.91	29,892,413.53
Lease liabilities	3,116,302.93	2,817,552.62
Total	524,104,415.22	511,515,736.09

#### The Company

Items	2023	2022
Borrowings	124,140,640.64	148,661,802.91
Bonds payable	224,065,250.49	178,317,006.21
Other payables	133,752,295.16	200,651,062.76
Long-term payables	16,141,369.86	17,390,180.34
Financial assets sold under repurchase agreements	23,799,055.86	29,134,219.11

Items	2023	2022
Lease liabilities	1,151,418.89	1,355,395.56
<b>Total</b>	<b>523,050,030.90</b>	<b>575,509,666.89</b>

### 36. Taxes and surcharges

#### The Group

Items	2023	2022
City maintenance and construction tax	392,909.94	1,620,710.76
Educational surcharge	171,211.69	713,062.23
Local education surcharge	114,141.12	468,799.95
Water conservancy funds	89,617.72	276,450.79
Stamp duty	181,628.19	99,471.39
Others	1,578,352.28	2,294,312.59
<b>Total</b>	<b>2,527,860.94</b>	<b>5,472,807.71</b>

#### The Company

Items	2023	2022
City maintenance and construction tax	135,786.84	1,172,537.27
Educational surcharge	58,194.37	502,515.98
Local education surcharge	38,796.23	335,010.64
Water conservancy funds	47,395.54	211,585.93
Stamp duty	53,045.38	29,768.14
Others	11,578.51	12,477.57
<b>Total</b>	<b>344,796.87</b>	<b>2,263,895.53</b>

### 37. General and administrative expenses

#### The Group

Items	2023	2022
Employee benefits and welfare	57,711,157.79	99,188,715.34
Intermediary fees	21,757,981.81	17,759,817.90
Daily administrative expenses	9,135,331.00	10,114,996.68
Business promotion and entertainment expenses	3,833,327.57	10,222,441.13
Depreciation and amortization expenses	13,305,536.56	17,199,298.93
Others	646,603.46	1,146,329.70
<b>Total</b>	<b>106,389,938.19</b>	<b>155,631,599.68</b>

#### The Company

Items	2023	2022
Employee benefits and welfare	26,393,633.16	50,041,708.97
Intermediary fees	17,860,626.49	15,024,503.57
Daily administrative expenses	4,796,558.53	5,918,172.47
Business promotion and entertainment expenses	3,050,019.48	8,636,190.26
Depreciation and amortization expenses	7,873,506.20	9,126,172.56
Others	524,543.93	487,335.99
<b>Total</b>	<b>6,049,8887.79</b>	<b>89,234,083.82</b>

### 38. Credit impairment losses

#### The Group

Items	2023	2022
Other accounts receivables	24,734,392.63	33,957,354.89
Debt investments	-58,993,323.83	-21,837,896.97
<b>Total</b>	<b>-34,258,931.20</b>	<b>12,119,457.92</b>

#### The Company

Items	2023	2022
Other accounts receivables	24,544,557.61	28,582,281.16
Debt investments	-65,498,348.38	-33,562,175.74
<b>Total</b>	<b>-40,953,790.77</b>	<b>-4,979,894.58</b>

### 39. Impairment losses on other assets

#### The Group and the Company

Items	2023	2022
Impairment losses on long-term equity investments	406,614,985.18	
<b>Total</b>	<b>406,614,985.18</b>	

### 40. Other operating expenses

#### The Group

Items	2023	2022
Depreciation of investment properties	30,383,424.42	35,635,422.52
Others	1,705,741.22	8,212.02
<b>Total</b>	<b>32,089,165.64</b>	<b>35,643,634.54</b>

#### The Company

Items	2023	2022
Others		8,212.02
<b>Total</b>		<b>8,212.02</b>

#### 41. Income tax expenses

##### (1) Income tax expense table

The Group

Items	2023	2022
Current income tax	12,218,455.82	28,647,323.61
Deferred income tax	29,207,662.11	-18,628,741.22
<b>Total</b>	<b>41,426,117.93</b>	<b>10,018,582.39</b>

The Company

Items	2023	2022
Current income tax		821,121.39
Deferred income tax	33,205,069.63	-15,145,059.59
<b>Total</b>	<b>33,205,069.63</b>	<b>-14,323,938.20</b>

##### (2) Reconciliation of income tax expenses to accounting profit is as follows:

The Group

Items	2023	2022
Profit before tax	-626,478,124.31	-319,074,179.13
Income tax expense calculated at 25%	-156,619,531.08	-79,768,544.79
Effect of expenses not deductible for tax purpose	728,344.53	2,226,514.83
Tax effects of recognition of profit or loss adjustments under the equity method	-46,386,894.41	-36,061,534.57
Effect of income not taxable for tax purpose	-1,063,660.77	-1,088,260.20
Effect of annual filing of prior period income tax on the current period	409,272.12	821,355.05
Effect of unrecognized deductible losses and deductible temporary differences	248,848,891.48	129,264,565.11
Effect of using previously unrecognized deductible losses and deductible temporary differences	-1,330,950.74	-5,893,754.04
Effect of different tax rates of subsidiaries	-3,159,353.20	518,241.00
<b>Income tax expense</b>	<b>41,426,117.93</b>	<b>10,018,582.39</b>

The Company

Items	2023	2022
Profit before tax	-848,629,867.71	-440,769,674.19
Income tax expenses calculated at 25%	-212,157,466.93	-110,192,418.55
Effect of expenses not deductible for tax purpose	760,806.47	1,904,089.57
Tax effects of recognition of profit or loss adjustments under the equity method	18,972,038.90	-28,655,412.23
Effect of income not taxable for tax purpose	-85,545.58	-5,694,005.38
Effect of annual filing of prior period income tax on the current period		821,121.39
Effect of unrecognized deductible losses and deductible temporary differences	225,715,236.77	127,492,687.00
Income tax expenses	33,205,069.63	-14,323,938.20

## 42. Supplementary information to the cash flow statement

### (1) Supplementary information to the cash flow statement

#### The Group

Supplementary information	2023	2022
i. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-667,904,242.24	-329,092,761.52
Add: Credit impairment losses	-34,258,931.20	12,119,457.92
Impairment losses on other assets	406,614,985.18	
Depreciation of investment properties	30,383,424.42	30,302,662.98
Depreciation of fixed assets	4,312,170.96	4,901,678.76
Depreciation of right-of-use assets	8,455,839.18	11,834,132.40
Amortization of intangible assets	537,526.42	463,487.77
Amortization of long-term prepaid expenses	49,953.79	
Losses on disposal fixed assets, intangible assets and other long-term assets(Income is listed with "-")	4,239,778.54	5,331,154.54
Fixed assets retirement loss (Income is listed with "-")		3,578.65
Loss from changes in fair value (Income is listed with "-")	30,412,845.77	71,049,416.18
Interest expenses of bonds payable	240,190,747.58	245,638,495.75
Benefits to other holders of the consolidated structured entity	1,020.30	9,998,331.23
Interest expense of lease liabilities	3,116,302.93	1,488,749.65
Investment losses (Income is listed with "-")	184,964,597.53	-179,267,123.74
Decrease in deferred tax assets (Increase is listed with "-")	31,841,975.82	-18,590,949.37
Increase in deferred tax liabilities (Decrease is listed with "-")	-2,634,313.71	-37,791.85
Foreign exchange gains and losses (Increase is listed with "-")	18,789,863.55	87,624,527.69

Supplementary information	2023	2022
Net decrease in held-for-trading financial assets (Net increase is listed with "-")	195,886,933.09	116,851,684.34
Net decrease in debt investments (Net increase is listed with "-")	537,987,629.38	4,769,714,942.34
Decrease in operating receivables (Increase is listed with "-")	504,097,583.14	809,523,689.48
Increase in operating payables (Decrease is listed with "-")	362,445,722.70	-558,017,383.65
Net cash flow from operating activities	1,859,531,413.13	5,091,839,979.55
ii. Significant investments and financing activities that do not involve cash receipts and payments		
Debt transfer to capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
iii. Net changes in cash and cash equivalents		
Closing balance of cash	53,639,517.85	338,114,919.01
Less: Opening balance of cash	338,114,919.01	772,647,943.27
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-284,475,401.16	-434,533,024.26

### The Company

Supplementary information	2023	2022
i. Reconciliation of net profit to cash flow from operating activities:		
Net profit	-881,834,937.34	-426,445,735.99
Add: Impairment losses of credit	-40,953,790.77	-4,979,894.58
Impairment losses on other assets	406,614,985.18	
Depreciation of fixed assets	231,707.44	557,848.94
Depreciation of right-of-use assets	7,365,601.50	8,333,883.41
Amortization of intangible assets	276,197.26	234,440.21
Amortization of long-term prepaid expenses		
Fixed assets retirement loss (Income is listed with "-")		3,578.65
Loss from changes in fair value (Income is listed with "-")	19,259,501.28	65,560,132.92
Interest expenses of bonds payable		160,532,561.77
Interest expense of lease liabilities	1,151,418.89	1,355,395.56
Investment losses (Income is listed with "-")	197,652,916.63	-140,046,081.42
Decrease in deferred tax assets (Increase is listed with "-")	33,205,069.63	-15,145,059.59
Increase in deferred tax liabilities (Decreases is listed with "-")		

Supplementary information	2023	2022
Foreign exchange gains and losses (Increase is listed with "-")	18,789,863.55	
Net decrease in held-for-trading financial assets (Net increase is listed with "-")	196,291,537.41	75,684,231.22
Net decrease in debt investments (Net increase is listed with "-")	535,187,629.38	4,800,095,270.41
Decrease in operating receivables (Increase is listed with "-")	-1,275,147,770.96	488,209,798.10
Increase in operating payables (Decreases is listed with "-")	693,657,616.04	-1,156,836,715.53
Net cash flow from operating activities	-88,252,454.88	3,857,113,654.08
ii. Significant investments and financing activities that do not involve cash receipts and payments		
Debt transfer to Capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
iii. Net changes in cash and cash equivalents		
Closing balance of cash	3,084,113.05	288,581,932.70
Less: Opening balance of cash	288,581,932.70	713,130,053.02
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net Increase in cash and cash equivalents	-285,497,819.65	-424,548,120.32

## (2) Composition of cash and cash equivalents

### The Group

Items	31/12/2023	31/12/2022
I. Cash	53,639,517.85	338,114,919.01
Including: Cash on hand		
Bank balances that can be readily withdrawn on demand	52,998,915.27	332,499,457.03
Other monetary funds that can be readily withdrawn on demand	640,602.58	5,615,461.98
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	53,639,517.85	338,114,919.01
Including: Restricted cash and cash equivalents used by the company or subsidiaries within the Group		

### The Company

Items	31/12/2023	31/12/2022
I. Cash	3,084,113.05	288,581,932.70
Including: Cash on hand		

Items	31/12/2023	31/12/2022
Bank balances that can be readily withdrawn on demand	3,073,234.24	288,578,256.68
Other monetary funds that can be readily withdrawn on demand	10,878.81	3,676.02
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	3,084,113.05	288,581,932.70

### 43. Equity in structured entities

#### (1) The structured entities controlled and consolidated by the Group

In order to determine whether the Group has control over the merged entities, the main judgments of the Group are as follows:

When the Group serves as both a general partner and a limited partner of a private fund, the Group comprehensively assesses whether the return enjoyed by holding investment shares and the manager's remuneration as the fund manager will have a significant impact on the variable return, in which situation the Group should be the main responsible party. If the Group acts as the main responsible party, the corresponding private funds will be included into the scope of consolidation.

The Group has consolidated some structured entities, and these entities mainly include private funds.

As of 31 December 2023, the assets of structured entities included in the scope of consolidation held by the Group amounted to RMB 7,317,020,703.80 (31 December 2022: RMB 312,728,843.06).

As of 31 December 2023, the equity of other holders of the consolidated structured entities is RMB 200,002,161.24 (31 December 2022: RMB 200,003,181.54). In 2023, the equity changes enjoyed by other holders of the consolidated structured entities is RMB -1,020.30 (2022: RMB 9,998,331.23).

#### (2) Equity in structured entities not included in the scope of the consolidated financial statements

The Group initiates the establishment or investment of structured entities that provide specific investment opportunities, the nature and purpose of these structured entities are mainly to manage investors' assets and earn management fees. Its financing method is to issue investment products to investors. The Group has no control over this type of structured entities, so it has not consolidated such structured entities.

Such structured entities managed by the Group are private funds, and the Group mainly obtained fee income by providing management services to investors of the structured entities.

The scale of the unconsolidated private funds managed by the Group, the book value and the corresponding maximum risk exposure in the consolidated balance sheet, are as follows:

Items	31/12/2023				Income type
	Managed scale	Book value	Maximum loss exposure	Benefit	
Private funds	28,269,249,460.00	120,207,966.95	120,207,966.95	39,694,996.34	Fee and commission income
Total	28,269,249,460.00	120,207,966.95	120,207,966.95	39,694,996.34	

Items	31/12/2022				Income type
	Managed scale	Book value	Maximum loss exposure	Benefit	
Private funds	42,838,004,642.35	42,631,572.06	42,631,572.06	53,589,956.09	Fee and commission income
Total	42,838,004,642.35	42,631,572.06	42,631,572.06	53,589,956.09	

The relevant assets and liabilities items in the Group's balance sheet for the interests in structured entities managed and invested directly by the Group are as follows:

Items	31/12/2023	31/12/2022
Held-for-trading financial assets - private funds	14,116,551.12	11,533,093.50
Long-term equity investment	106,091,415.83	31,098,478.56
Total	120,207,966.95	42,631,572.06

The following table sets forth the book values of the Group's interests in structured entities managed by third-party institutions as of 31 December 2023 and 31 December 2022:

Item	31/12/2023		Income type
	Held-for-trading financial assets	Maximum loss exposure	
Private funds	10,120,814.18	10,120,814.18	Investment income
Wealth management products	3,320,438.71	3,320,438.71	Investment income
Total	13,441,252.89	13,441,252.89	

Item	31/12/2022		Income type
	Held-for-trading financial assets	Maximum loss exposure	
Private funds	114,525,794.22	114,525,794.22	Investment income
Wealth management products	38,092,000.00	38,092,000.00	Investment income
Total	152,617,794.22	152,617,794.22	

#### **44. Segment report**

The Group and the Company determine reportable segments and disclose segment information by the Accounting Standards for Business Enterprises No. 35. According to the management requirements and internal reporting system of the Group and the Company, the Group and the Company are not divided into business segments, and the Group and the Company as a whole are regarded as one operating segment.

#### **45. Transfer of financial assets**

##### **Repurchase agreement**

The Group entered into financial assets repurchase agreements with a number of counterparties and commits to repurchasing such financial assets with the agreed price in a predetermined future date. According to the repurchase agreement, the legal ownership of the financial assets is not transferred during the trading period. The Group may not sell or pledge such financial assets unless both parties reach an agreement. Hereby, the Group considers that it retains most of the risks and rewards of such financial assets. Therefore, the Group did not terminate the recognition of such financial assets from the financial statements, instead of considering them as pledges for the borrowings obtained from counterparties. Normally, when a pledged loan is in default, the counterparty can only make a claim on the pledge.

As of 31 December 2023, the book value of the Group's financial assets sold under repurchase agreements was RMB 174,984,670.94. According to the transfer and repurchase agreement of the relevant usufruct of creditor's right, the total original principal and interest of the underlying usufruct of creditor's right when the Group raised funds was RMB 661,271,527.49.

As of 31 December 2022, the book value of the Group's financial assets sold under repurchase agreements was RMB 324,049,023.28. According to the transfer and repurchase agreement of the relevant usufruct of creditor's right, the total original principal and interest of the underlying usufruct of creditor's right when the Group raised funds was RMB 1,692,383,555.68.

##### **Assignment of usufruct of creditor's right**

The Group has entered into transfer transactions of usufruct of creditor's right with a number of counterparties. According to the transaction agreements, the Group believes that it has transferred almost all the risks and rewards of such financial assets and should derecognize such financial assets.

## **VI. CHANGES IN THE SCOPE OF CONSOLIDATION**

### **1. Changes in the scope of consolidation due to other reasons**

The Group transferred Xuancheng Goho Asset Management Co., Ltd. to the outside world in 2023, cancelled Qianshan Goho Asset Management Co., Ltd. on 9 May 2023, and cancelled Wuhu Jiaru Investment Management Center (Limited Partnership) on 31 March 2023.

## **VII. EQUITY IN OTHER ENTITIES**

### **1. Equity in subsidiaries**

**(1) The composition of the Group:**

The basic information of the tier 1 subsidiaries held by the Group on 31 December 2023 is as follows:

Companies' names	Operating place	Registration place	Business nature	Actual capital contribution on 31 December 2023	Shareholding ratio	
					Direct	Indirect
Anhui Fengzhi House Rental Co., Ltd.	Baohe District, Hefei City, Anhui Province	Baohe District, Hefei City, Anhui Province	Housing leasing	1,169,650,000.00	100%	
Anhui Goho Capital Holdings Co., Ltd. ("Goho Capital")	Jiujiang District, Wuhu City, Anhui Province	Jiujiang District, Wuhu City, Anhui Province	Asset management business	955,600,000.00	100%	
Zongyang Goho Asset Management Co., Ltd. ("Zongyang Goho")	Zongyang County, Tongling City, Anhui Province	Zongyang County, Tongling City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	51,000,000.00	51%	
Tongling Goho Tianyuan Asset Management Co., Ltd. ("Tongling Goho")	Tongling City, Anhui Province	Tongling City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	32,500,000.00	65%	
Hefei City Baohe Goho Asset Management Co., Ltd.	Hefei City, Anhui Province	Hefei City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	19,500,000.00	65%	
Goho (Hong Kong) Consultation Co., Ltd.	Hong Kong	Hong Kong	Investment, consultation	17,528,880.00	100%	
Fengyang Goho Asset Management Co., Ltd.	Fengyang County, Chuzhou City, Anhui Province	Fengyang County, Chuzhou City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	15,000,000.00	60%	
Tongcheng Goho Xingcai Asset	Tongcheng, Anqing City,	Tongcheng, Anqing City,	Asset acquisition, management, disposal,	12,600,000.00	60%	

Companies' names	Operating place	Registration place	Business nature	Actual capital contribution on 31 December 2023	Shareholding ratio	
					Direct	Indirect
Management Co., Ltd.	Anhui Province	Anhui Province	investment, consultation			
Shenzhen Guoteng Investment Co., Ltd.	Nanshan District, Shenzhen, Guangdong Province	Nanshan District, Shenzhen, Guangdong Province	Entrepreneurship investment business, entrepreneurial investment consulting business	11,425,401.26	60%	
Anhui Goho Investment Management Co.,Ltd. ("Goho Investment")	Jiujiang District, Wuhu City, Anhui Province	Jiujiang District, Wuhu City, Anhui Province	Investment management, asset management, project investment, consultation	11,000,000.00	55%	
Beijing Guofeng Digital Technology Co., Ltd.	Xicheng District, Beijing	Xicheng District, Beijing	Technical development and application	8,000,000.00	80%	
Shanghai Guorui Equity Investment Fund Management Co., Ltd.	Shanghai	Shanghai	Equity investment management, asset management, investment management	8,000,000.00	80%	
Bengbu Goho Asset Management Co., Ltd.	Huaishang District, Bengbu City, Anhui Province	Huaishang District, Bengbu City, Anhui Province	Asset acquisition, management, disposal, investment, consultation	1,950,000.00	65%	

For the structured entities included in the scope of the Group's consolidated financial statements, please refer to Note V. 43.

## (2) Significant non-wholly owned subsidiaries

Companies' names	Proportion of minority shareholders	Profit and loss attributable to minority shareholders in 2023	Dividend declared to minority shareholders in 2023	Balance of minority equity on 31 December 2023
Goho Investment	45%	13,922,050.19	18,000,000.00	20,743,020.50
Zongyang Goho	49%	977,015.10	3,593,509.63	53,126,851.82
Tongling Goho	35%	-223,695.72		36,215,799.59

### (3) Financial information of significant non-wholly owned subsidiaries

	31/12/2023	31/12/2022
Total assets	356,338,036.98	613,016,641.53
Total liabilities	98,346,576.20	157,294,449.59

	2023	2022
Operating income	59,878,503.79	112,601,810.43
Net profit	32,292,667.04	59,263,025.83
Total comprehensive income	32,292,667.04	59,263,025.83
Net cash flows from operating activities	39,689.53	23,730,677.36

## VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The financial instrument risks faced by the Group in the course of operation mainly include credit risk, liquidity risk, and market risk. Among them, market risks includes interest rate risk, exchange rate risk, and price risk.

### Risk management objectives and policies

The Group's goal of risk management is to achieve an appropriate balance between risks and benefits, minimize the negative impact of risks on the Group's operating performance, and maximize shareholders' rights. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner, control risks within a limited range.

#### 1. Credit Risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

The credit risk of the Group mainly arises from cash and bank balances, financial assets purchased under resale agreements, held-for-trading financial assets, debt investments, accounts receivable, and other receivables. On the balance sheet date, the book value of the Company's

financial assets has already represented its maximum credit risk exposure.  
Cash and bank balances of the Group are mainly deposited in banks with higher credit ratings, and the Group believes that there is no significant credit risk in them, and there is almost no significant loss caused by bank default.

The amount of the Group's maximum credit risk exposure is listed as follows:

Items	31/12/2023	31/12/2022
Cash and bank balances	143,215,476.67	434,016,321.35
Financial investments		
Held-for-trading financial assets	247,931,835.05	422,490,199.27
Debt investments	1,070,331,351.82	3,236,986,648.01
Accounts receivable	2,621,553.99	24,541,169.21
Other financial assets	375,469,776.14	323,169,442.94
Sub-total	1,839,569,993.67	4,441,203,780.78
Credit enhancement		2,601,044,452.11
Total	1,839,569,993.67	7,042,248,232.89

## 2. Liquidity Risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle by delivering cash or other financial assets.

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents deemed sufficient by the management to meet the Group's operating needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The financial liabilities held by the Group are analyzed according to the maturity period of the undiscounted remaining contractual obligations as follows:

The Group

Items	31/12/2023						Total
	Overdue/Indefinite	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Short-term borrowings		2,106,866.11	1,232,743.75	12,859,433.33	200,644,476.39		216,843,519.58
Financial assets sold under repurchase agreements	10,261,482.49		19,000,000.00	23,398,992.90	71,693,384.33	59,459,113.59	183,812,973.31
Bonds payable				724,206,075.00	1,722,966,552.10	1,443,140,000.00	3,890,312,627.10
Long-term borrowings	1,119,967,072.70	125,209,803.34		536,323,443.08			1,781,500,319.12
Other financial liabilities	60,000,000.00	820,231,875.66		17,948,448.33	96,947,316.53	188,501,985.50	1,183,629,626.02
<b>Total financial liabilities</b>	<b>1,190,228,555.19</b>	<b>947,548,545.11</b>	<b>20,232,743.75</b>	<b>1,314,736,392.64</b>	<b>2,092,251,729.35</b>	<b>1,691,101,099.09</b>	<b>7,256,099,065.14</b>

Items	31/12/2022						Total
	Overdue/Indefinite	On demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Short-term borrowings			11,356,936.81	30,227,458.33	232,677,251.39		274,261,646.53
Financial assets sold under repurchase agreements			69,260,714.57	26,000,000.00	169,187,501.50	68,000,000.00	332,448,216.07
Bonds payable				15,670,350.00	1,700,533,894.00	2,420,503,490.00	4,136,707,734.00
Long-term borrowings			86,877.50	139,210,347.50	79,572,237.50	1,641,079,513.61	1,859,948,976.11
Other financial liabilities		1,124,168,594.66		10,423,444.52	187,575,932.17	70,070,456.26	1,392,238,427.60
<b>Total financial liabilities</b>		<b>1,124,168,594.66</b>	<b>80,704,528.88</b>	<b>221,531,600.35</b>	<b>2,369,546,816.56</b>	<b>4,199,653,459.87</b>	<b>7,995,605,000.31</b>

### **3. Market Risks**

Market risks of financial instruments refer to the risks that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk, and other price risks.

#### **(1) Interest rate risk**

Interest rate risk refers to the risk of loss to the Group due to adverse changes in interest rate levels, term structure, and other factors. Interest rate risk mainly comes from re-pricing risk and benchmark risk.

The table below summarizes the Group's exposure to interest rate risk. The assets and liabilities items in the table are classified according to the earlier the contract re-pricing date and the maturity date, and the net book value of financial assets is presented.

The Group

Items	31/12/2023					Total
	Non-interest bearing	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Cash and bank balances		53,339,517.85		89,875,958.82		143,215,476.67
Financial investments						
Held-for-trading financial assets	887,939,647.99					887,939,647.99
Debt investments	192,755,661.23	9,994,099.99	1,457,701.51	300,181,420.27	565,942,468.82	1,070,331,351.82
Accounts receivable	23,625,119.63					23,625,119.63
Other financial assets	71,880,486.95	32,037,832.03			271,551,457.15	375,469,776.14
Total financial assets	1,176,200,915.80	95,371,449.87	1,457,701.51	390,057,379.09	837,493,925.97	2,500,581,372.25
Short-term borrowings	505,937.64	2,000,000.00	10,000,000.00	190,000,000.00		202,505,937.64
Financial assets sold under repurchase agreements	1,850,291.87	28,487,387.51	22,975,313.38	67,836,319.72	53,835,358.47	174,984,670.94
Bonds payable	70,402,251.56		708,270,000.00	1,559,746,520.00	1,223,000,000.00	3,561,418,771.56
Long-term borrowings	136,523,961.70	1,119,967,072.70	517,000,000.00			1,773,491,034.40
Other financial liabilities	662,871,758.57	225,517,093.60	16,114,715.16	78,500,000.00	166,332,643.39	1,149,336,210.72
Total financial liabilities	872,154,201.34	1,375,971,553.81	1,274,360,028.54	1,896,082,839.72	1,443,168,001.86	6,861,736,625.26
Net amount	304,046,714.47	-1,280,600,103.94	-1,272,902,327.03	-1,506,025,460.63	-605,674,075.89	-4,361,155,253.02

Items	31/12/2022					Total
	Non-interest bearing	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Cash and bank balances		347,725,261.18		86,291,060.17		434,016,321.35
Financial investments						
Held-for-trading financial assets	1,026,415,715.99					1,026,415,715.99
Debt investments	174,866,522.24	38,512,562.60	1,458,320,914.67	788,431,176.09	776,855,472.41	3,236,986,648.01
Accounts receivable	24,541,169.21					24,541,169.21
Other financial assets	52,014,496.57			37,917,026.81	233,237,919.56	323,169,442.94
Total financial assets	1,277,837,904.01	386,237,823.78	1,458,320,914.67	912,639,263.07	1,010,093,391.97	5,045,129,297.50
Short-term borrowings	505,411.82	10,000,000.00	22,000,000.00	228,000,000.00		260,505,411.82
Financial assets sold under repurchase agreements	11,358,343.78	49,503,178.00	26,000,000.00	169,187,501.50	68,000,000.00	324,049,023.28
Bonds payable	63,797,974.86			1,512,884,800.00	2,098,762,000.00	3,675,444,774.86
Long-term borrowings	46,014,329.09		124,893,200.00	1,000,000.00	1,536,000,000.00	1,707,907,529.09
Other financial liabilities	855,697,425.81	97,971,475.00	10,000,000.00	176,292,727.41	236,624,366.19	1,376,585,994.41
Total financial liabilities	977,373,485.36	157,474,653.00	182,893,200.00	2,087,365,028.91	3,939,386,366.19	7,344,492,733.46
Net amount	300,464,418.65	228,763,170.78	1,275,427,714.67	-1,174,725,765.84	-2,929,292,974.22	-2,299,363,435.97

## (2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates. As of 31 December 2023, the Group's outstanding USD bonds amounted to RMB 1.335 billion (31 December 2022: RMB 1.313 billion), and USD and Hong Kong dollar assets amounted to RMB 283 million (31 December 2022: RMB 274 million). Except for the above-mentioned assets or liabilities denominated in foreign currency, the Group has no other foreign currency business. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Group's operating results.

## (3) Price risk

Financial assets measured at fair value held by the Group are held-for-trading financial assets. The Group uses discounted cash flow model, net product value, or valuation techniques to determine their fair value on the balance sheet date.

## IX. FAIR VALUE DISCLOSURE

The input values used in fair value measurement are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The level to which the fair value measurement result belongs is determined by the lowest level of the input value that is significant to the fair value measurement as a whole.

### 1. Closing fair value of assets and liabilities measured at fair value

Items	31/12/2023			
	Level 1	Level 2	Level 3	Total
<b>Continuous fair value measurement</b>				
◆Held-for-trading financial assets	5,585,988.71		882,353,659.28	887,939,647.99
Distressed assets			219,611,396.34	219,611,396.34
Unlisted equities			15,223,200.00	15,223,200.00
Stock	2,265,550.00			2,265,550.00
Private funds			24,237,365.30	24,237,365.30
Partnership enterprise			598,281,697.64	598,281,697.64
Wealth management products	3,320,438.71			3,320,438.71
Trust plans			25,000,000.00	25,000,000.00

## 2. Reconciliation information for continuous level 3 fair value measurement items

Items	1/1/2023	Transfer to level 3	Transfer out of level 3	Total gains or losses in the current period		Purchase, distribution, sale and settlement				31/12/2023	For assets held on 31 December 2022, unrealized gains or changes recognized in current profit or loss
				Recognized in current profit or loss	Recognized in other comprehensive income	Purchase	Distribution	Sale	Settlement		
◆Held-for-trading financial assets	1,015,720,687.42			58,634,070.67		29,098,900.00				882,353,659.28	58,634,070.67
Distressed assets	285,595,199.27			-		29,098,900.00		183,604,147.82	37,495,850.99	219,611,396.34	-22,530,358.30
Unlisted equities	30,770,378.69			-12,327.89				15,534,850.80		15,223,200.00	-12,327.89
Private funds	125,633,436.94			285,737.59				99,985,266.85	1,696,542.38	24,237,365.30	285,737.59
Partnership enterprise	543,721,672.52			80,891,019.27				26,330,994.15		598,281,697.64	80,891,019.27
Trust plans	30,000,000.00			-					5,000,000.00	25,000,000.00	
Total	1,015,720,687.42			58,634,070.67		29,098,900.00		183,604,147.82	37,495,850.99	882,353,659.28	58,634,070.67

## 3. Fair value of financial assets and financial liabilities not measured at fair value

The difference between the book value and fair value of the Group's financial assets and financial liabilities not measured at fair value is not significant.

## X. RELATED PARTIES AND RELATED TRANSACTIONS

### 1. Related parties with controlling relationship

Names of related parties	Registration place	Nature of business	Registered capital RMB 0'000	Shareholding (%)	Voting (%)
Anhui Boya	Hefei	Industry investment	10,000	32.44	32.44
Shenzhen Langrun Group Co., Ltd.	Shenzhen	Industry investment	5,000	10.96	10.96
Wuhu Houshi Trading Co., Ltd.	Wuhu	Industry investment	500	8.83	8.83

The chairman of the Company Li Houwen and his spouse Liu Yang are the actual controllers of Anhui Boya, Shenzhen Langrun Group Co., Ltd. and Wuhu Houshi Trading Co., Ltd., so the actual controllers of the Company are Li Houwen and his spouse Liu Yang.

In 2023 and 2022, the Company has no related transactions with its shareholders Anhui Boya, Shenzhen Langrun Group Co., Ltd., and Wuhu Houshi Trading Co., Ltd.

### 2. The related parties that have transactions with the Group are as follows:

Names of related parties	Relationships with the Company
Bengbu Quanrui Trading Co., Ltd.	Company controlled by actual controllers
Shanghai Dongxing Investment Holding Development Co., Ltd.	Shareholders with significant influence
Chang An Property and Liability Insurance Ltd.	Associate
Bozhou Goho Ancheng Asset Management Co., Ltd.	Associate
Yuexi Goho Asset Management Co., Ltd.	Associate
Anhui Chenyao Private Equity Fund Management Co., Ltd.	Associate
Wuhu Goho Wenxin Asset Management Co., Ltd.	Associate
Shanghai Houyouan Asset Management Co., Ltd.	Associate
Beijing Oriental Bohai Asset Management Co., Ltd.	Associate
Suzhou Rongqi Enterprise Service Management Center (Limited Partnership)	Joint ventures
Dangtu Goho Asset Management Co., Ltd.	Joint ventures
Chizhou Goho Qingtong Asset Management Co., Ltd.	Joint ventures
Wuhu Chuheng Investment Management Center (LLP)	Joint ventures
Tongling Zhifang Enterprise Management Center (LLP)	Joint ventures
Ziya (Beijing) Network Technology Co., Ltd.	Joint ventures
Funan County Longhu Zun Goho Asset Management Co., Ltd.	Joint ventures
Huaiyuan Dayu Goho Asset Management Co., Ltd.	Joint ventures
Huaibei Goho Jiantou Asset Management Co., Ltd.	Joint ventures
Wuhu Liantai Investment Management Center (LLP)	Joint ventures

Names of related parties	Relationships with the Company
Suzhou Goho Chengtou Asset Management Co., Ltd.	Joint ventures
Mingguang Goho Asset Management Co., Ltd.	Joint ventures
Wuhu Chenghe Investment Management Center (LLP)	Joint ventures
Wuhu Hangxi Enterprise Management Center (LLP)	Joint ventures
Dahan Private Equity Fund Management Co., Ltd.	Joint ventures
Wuhu Shutai Enterprise Management Center (LLP)	Joint ventures
Wuhu Lucheng Enterprise Management Center (Limited Partnership)	Joint ventures
Henan LOTUS Food Trade Co., Ltd.	Company controlled by actual controllers
Li Shuangquan	Associated natural person

### 3. Transactions and balances with companies controlled by actual controllers

In 2023 and 2022, the Company has no transactions with companies controlled by actual controllers.

### 4. Transactions and balances with shareholders who have significant influence on the Group

Shanghai Dongxing Investment Holding Development Co., Ltd. holds 13.24% of the Company's shares. Details of major balances and transactions are as follows:

#### (1) Balance of receivables and payables between the Group and Shanghai Dongxing Investment Holding Development Co., Ltd.

Items	31/12/2023	31/12/2022
Contract liabilities - project deferred income		262,560.85
Other liabilities - other payables	60,000,000.00	58,044,431.92

#### (2) The transactions between the Group and Shanghai Dongxing Investment Holdings Development Co., Ltd.

Items	2023	2022
Fee and commission income		4,433,455.92
Interest expenses	1,392,600.08	4,494,431.90

### 5. Transactions and balances with joint ventures/associates of the Group

Transactions between the Group and joint ventures/associates are carried out by normal commercial conditions, based on normal transaction prices, and by normal business procedures.

#### (1) Balance of receivables and payables between the Group and joint ventures/associates

Items	31/12/2023	31/12/2022
Other assets - fund lending		
Accounts receivable	621,553.99	1,408,353.99
Other assets - prepayments	2,375,264.78	4,698,794.04
Other assets - other accounts receivables	16,254.21	360,010.00

Items	31/12/2023	31/12/2022
Other assets - interest receivable		
Financial assets sold under repurchase agreements	44,614,619.77	104,760,151.70
Other liabilities - other payables	393,928,141.10	406,394,269.12
Other liabilities - others	2,000,000.00	3,388,073.40

**(2) The transactions between the Group and joint ventures/associates**

Items	2023	2022
Fee and commission income	7,368,429.00	10,925,029.01
Interest income		
Fee and commission expenses	3,148,975.65	4,890,266.57
Interest expenses	20,021,010.55	21,833,072.84
General and administrative expenses	298,041.70	281,688.50

**6. Transactions and balances between the Company and its subsidiaries**

Please refer to Note VII for details of the main subsidiaries of the Company. Transactions between the Company and its subsidiaries are conducted under normal business conditions and at the transaction price agreed upon in the agreement and by normal business procedures.

**(1) Balance of accounts receivable and payable between the Company and its subsidiaries**

Items	31/12/2023	31/12/2022
Other assets - accounts receivable due from subsidiaries	6,135,420,569.20	311,216,232.04
Other assets - dividends receivable		
Other liabilities - other payables	1,988,850,347.34	2,188,267,918.29
Other liabilities - accounts payable	4,404,000.00	4,160,509.25

**(2) The transactions between the Company and its subsidiaries**

Items	2023	2022
Fee and commission income	49,515.41	39,001.12
Interest income	4,709,731.90	1,870,568.79
Fee and commission expenses	12,719,765.24	11,294,699.63
Interest expenses	14,966,524.22	49,979,577.31
General and administrative expenses	104,505.33	257,740.84

**7. Guarantee for related parties**

(1) At the end of 2023, the company provided guarantees for its subsidiary's issuance of 100 million US dollar bonds in overseas (half year interest payments, and financing guarantees provided by Jiujiang Bank), which were fully redeemed in February 2024.

(2) In 2023, the Company provided guarantees for the issuance of US\$87.6 million offshore

bonds by its subsidiary New Energy (27 June 2023 - 25 June 2024) , with interest paid on a semi annual basis on 27 December 2023 and 25 June 2024.

(3) The Company guarantees bank loans of RMB 71 million for its subsidiary Tongling Goho Tianyuan Asset Management Co., LTD. If the above company fails to repay the loan on time, the Company will be jointly and severally liable for repayment. Up to now, the balance of the bank loan is RMB 69 million.

## 8. Key management personnel compensation

Items	2023	2022
Compensation of key management personnel	18,992,207.46	29,918,899.89

The above key management personnel include directors, general managers, deputy general managers, financial controller, and those who perform similar policy functions.

## XI. CAPITAL MANAGEMENT

The Group manages capital by optimizing the structure of liabilities and shareholders' equity to ensure that the entities within the group can continue to operate while maximizing returns to shareholders. The Group's overall strategy remains the same as last year.

The Group's capital structure consists of the Group's net debt (the net amount of borrowings, financial assets sold under repurchase agreements, bonds payable, other payables, long-term payables, and cash and bank balances as disclosed in Note V) and shareholders' equity (including paid-in capital, capital reserve, other comprehensive income, surplus reserve, retained profits, and minority interests).

The Group is not subject to external mandatory capital management requirements. The Company's Board of Directors regularly reviews the capital structure and considers the cost of capital and the risks associated with each type of capital. The Group will balance the overall capital structure by issuing new shares, and borrowings or issuing bonds. The asset-liability ratio of the Group was 62.98% as of 31 December 2023 (31 December 2022: 61.40%).

## XII. COMMITMENTS AND CONTINGENCIES

### 1. Important commitments

#### (1) Capital commitment

As of 31 December 2023, the Group's external investment commitments that have been signed but not yet confirmed in the financial statements amounted to RMB 3,775.4276 million (31 December 2022: RMB 5,640.6546 million).

As of 31 December 2023, the Company's external investment commitments that have been signed but not yet confirmed in the financial statements amounted to RMB 570.5794 million (31 December 2022: RMB 654.4976 million).

#### (2) Acquisition commitment

On 31 December 2023, the maximum credit risk exposure corresponding to the forward debt

acquisition commitments issued by the Company was RMB 89.8620 million (31 December 2022: RMB 1,139.0445 million).

## 2. Contingencies

On 31 March 2019, the Company signed a cooperation agreement with the Management Committee of Bengbu High-tech Industrial Development Zone (referred to as "Bengbu High-tech") to jointly increase capital to Changan Insurance, and the Company and Bengbu High-tech have completed the investment matters. In August 2023, Bengbu High-tech required the Company to pay 900 million yuan to buy back the equity of Changan Insurance held by it, and filed a lawsuit with Bengbu Intermediate People's Court. As of now, the case is in the process of first instance.

On 10 July 2023, the Company, as the guarantor, provided a guarantee for the working capital loan of Yiwu Meidamei Socks Co., Ltd. in Zhejiang Chouzhou Commercial Bank of RMB 120 million, with a guarantee period of 1 year. If Yiwu Meidamei Hosiery Co., Ltd. cannot fulfill the due debt, the company will bear joint and several liability for repayment. On the same day, Yiwu Meidamei Socks Co., Ltd. pledged its equity of Zhejiang Chouzhou Commercial Bank to the Company for RMB 51,495,800 to provide counter-guarantee for the guarantee.

## XIII. EVENTS AFTER THE BALANCE SHEET DATE

The Company borrowed a loan of RMB 730 million from Jiujiang Bank on 2 February 2024, starting from 2 February 2024, with a maturity date of 2 February 2025, using the 10% equity of Shanghai Puchuang Enterprise Management Consulting Co., Ltd. as collateral, and the book value of the pledged equity is RMB 1,049 million.

## XIV. OTHER IMPORTANT MATTERS

In response to the situation described in Notes II and (b), the Group has implemented a number of measures, including:

1. Comprehensive use of multiple means to ease the pressure of debt repayment in 2024.

In the first quarter of 2024, the Company actively raised funds to repay debt, and in February 2024, the Company successfully repaid the 2021 US dollar debt of 100 million US dollars; After communication between the Company and the investor, the investor will not exercise their rights on the "22 National Thick 01" bond worth 1.223 billion yuan in 2024 and will continue to hold the bond; The Company has initiated an exchange offer process for \$87.6 million, and investors will continue to invest in the company's newly issued US dollar bonds; In March 2024, the company repaid a loan of 500 million yuan from Bohai Trust in advance through asset offsetting debt.

As of now, the interest payments of our company's main creditor banks have been normal, and some banks have agreed to continue extending loans. The debt repayment pressure will be relieved in 2024.

2. Dispose of core assets to solve all debt problems and strengthen the ability to continue operating.

Our group has acquired a portion of equity in Shanghai Puchuang Company, which holds a 30% stake in Gujing Group at the bottom. Currently, our group is communicating with large financial

institutions regarding asset disposal and financing cooperation regarding the above-mentioned equity assets. If the project is implemented, it will completely solve all debt problems and strengthen the company's ability to continue operating.

**Goho Asset Management Co., Ltd.**

**April 30, 2024**

**THE ISSUER****New Momentum International  
Limited**

Unit 8, 3/F., Qwomar Trading Complex  
Blackburne Road  
Port Purcell, Road Town  
Tortola, British Virgin Islands

**THE GUARANTOR****Goho Asset Management Co., Ltd.  
(國厚資產管理股份有限公司)**

*Headquarter and principal place  
of business of the Guarantor*  
47F, VenFi Center/GOHO  
Building  
The cross of Jinzhai Road &  
Fanhua Boulevard  
Shushan District, Hefei  
Anhui Province, PRC

*Registered office of the  
Guarantor*  
Room 1102, 1103, 11F  
Block A1  
Wanjiang Fortune Square  
Jiujiang District, Wuhu  
Anhui Province, PRC

**TRUSTEE, PRINCIPAL PAYING AGENT,  
REGISTRAR AND TRANSFER AGENT OF  
THE EXISTING BONDS**

**China Construction Bank (Asia) Corporation  
Limited**  
(中國建設銀行(亞洲)股份有限公司)  
28/F, CCB Tower  
3 Connaught Road Central  
Central, Hong Kong

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3 Connaught Road Central  
Central, Hong Kong

**LEGAL ADVISERS**

*To the Issuer and the Guarantor  
as to English law*

**King & Wood Mallesons**  
13/F Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

*To the Guarantor  
as to PRC law*

**King & Wood Mallesons**  
18/F, East Tower, WFC  
1 Dongsanhuan Zhonglu  
Chaoyang District, Beijing

*To the Issuer  
as to British Virgin Islands law*

**Conyers Dill & Pearman**  
29/F, One Exchange Square  
8 Connaught Place  
Central, Hong Kong

*To the Dealer Manager and the Trustee of the  
Existing Bonds and the Bonds  
as to English law*

**Freshfields Bruckhaus Deringer**  
55th Floor, One Island East  
Taikoo Place  
Quarry Bay  
Honk Kong

*To the Dealer Manager  
as to PRC law*

**Haiwen & Partners**  
20/F, Fortune Financial Center  
5 Dong San Huan Central Road  
Chaoyang District  
Beijing  
PRC

**INDEPENDENT AUDITOR OF THE GUARANTOR**

**BDO China Shu Lun Pan Certified Public Accountants LLP**  
17-20/F, Block A, Building 7, China Overseas International Center  
Yard 5, Anding Road,  
Chaoyang District, Beijing  
PRC

## **DEALER MANAGER**

### **Haitong International Securities Company Limited**

28/F, One International Finance Centre  
No. 1 Harbour View Street  
Central, Hong Kong

Email: [project.eo625@htisec.com](mailto:project.eo625@htisec.com)

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent at their respective addresses and telephone numbers set forth below.

If you have questions regarding tender or exchange procedures, please contact the Information and Exchange Agent at the address and telephone number set forth below.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website. For any questions concerning exchange procedures or the Exchange Offer, please contact the Information and Exchange Agent at the address and telephone number set forth below.

Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

## **THE INFORMATION AND EXCHANGE AGENT**

### **D.F. King Ltd.**

Email: [newmomentum@dfkingltd.com](mailto:newmomentum@dfkingltd.com)

Transaction Website: <https://www.dfkingltd.com/new-momentum/>

#### **In London**

65 Gresham Street  
London, EC2V 7NQ  
United Kingdom  
Telephone: +44 20 7920 9700

#### **In Hong Kong**

Suite 1601, 16/F, Central Tower  
28 Queen's Road Central  
Hong Kong  
Telephone: +852 3953 7208

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RESTATED SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION

New Momentum International Limited (the “Issuer”)  
(incorporated with limited liability in the British Virgin Islands)



Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司) (the “Guarantor”)  
(incorporated with limited liability in the People’s Republic of China)

Offer to Exchange at least a Minimum Acceptance Amount of the securities described below:

Description of Debt Securities	ISIN/Common Code	Exchange Consideration per US\$1,000 of Existing Bonds tendered
8.50 per cent. Guaranteed Bonds Due 2024 (the “Existing Bonds”)	XS2635637940/263563794	US\$1,000 in aggregate principal amount of the 8.50 per cent. guaranteed bonds due 2025 (the “Bonds”) and the Accrued Interest.

This amends, restates and supersedes the supplemental exchange offer memorandum dated 19 June 2024 in its entirety. This is the supplement (this “**Supplemental Exchange Offer Memorandum**”) to the exchange offer memorandum of the Issuer and the Guarantor dated 12 June 2024 (as supplemented by this Supplemental Exchange Offer Memorandum, the “**Exchange Offer Memorandum**”). Unless otherwise defined, capitalised terms in this Supplemental Exchange Offer Memorandum shall have the meanings set forth in the Exchange Offer Memorandum.

As at the date hereof, US\$87,600,000 of the Existing Bonds, representing 100.00 per cent. of the outstanding principal amount of the Existing Bonds, have been validly tendered for exchange and accepted pursuant to the Exchange Offer. On the Settlement Date of 21 June 2024, subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, the Issuer and the Guarantor will issue US\$87,600,000 in aggregate principal amount of the Bonds and deliver US\$3,598,900.00 in cash in full satisfaction of the Exchange Consideration to Eligible Holders whose Existing Bonds have been validly tendered and accepted for exchange.

This document is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only.

**Notice to Hong Kong investors:** The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved. By purchasing the Bonds, you will be deemed to have represented that you (and any person on whose behalf you are acting) are a Professional Investor.

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

This Supplemental Exchange Offer Memorandum together with the Exchange Offer Memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Supplemental Exchange Offer Memorandum and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The date of this Supplemental Exchange Offer Memorandum is 19 June 2024

## SUMMARY OF THE KEY TERMS OF THE BONDS

The following table is a brief summary of the key terms of the Bonds to be issued pursuant to the Exchange Offer, subject to the satisfaction or waiver of the conditions to the Exchange Offer. Such summary is qualified in its entirety by the Exchange Offer Memorandum. Terms used in this summary and otherwise defined shall have the meanings given to them in the Terms and Conditions of the Bonds as part of the Exchange Offer Memorandum.

<b>Issuer</b> .....	New Momentum International Limited.
<b>Guarantor</b> .....	Goho Asset Management Co., Ltd. (國厚資產管理股份有限公司).
<b>Issue</b> .....	US\$87,600,000 in aggregate principal amount of 8.50 per cent. Guaranteed Bonds due 2025 (XS2841939973/284193997).
<b>Guarantee</b> .....	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee to be dated 21 June 2024 and entered into between the Guarantor and the Trustee.
<b>Interest</b> .....	<p>The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 8.50 per cent. per annum, payable in arrear on 21 December 2024 and 20 June 2025 (each an “<b>Interest Payment Date</b>”).</p> <p>The amount of interest payable on the first Interest Payment Date shall be US\$42.50 in respect of each US\$1,000 principal amount of the Bonds. The amount of interest payable on the second Interest Payment Date shall be US\$42.26 in respect of each US\$1,000 principal amount of the Bonds.</p>
<b>Issue Date</b> .....	21 June 2024.
<b>Final Redemption/Maturity Date</b> .....	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 20 June 2025.
<b>Redemption for Taxation Reasons</b> .....	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 30 days’ notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with interest accrued to but excluding the date fixed for redemption, at any time in the event of certain changes affecting taxes of the British Virgin Islands or the PRC taking effect on or after 19 June 2024, as further described in the Terms and Conditions of the Bonds.
<b>Redemption for Relevant Events</b> .....	At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest to but excluding such Put Settlement Date.
<b>Listing</b> .....	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 24 June 2024.
<b>Documentations</b> .....	The Bonds will be constituted by a trust deed (as amended and/or supplemented from time to time, the “ <b>Trust Deed</b> ”) to be dated 21 June 2024 between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲) 股份有限公司) as trustee (the “ <b>Trustee</b> ” which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed and any successor). The Terms and Conditions of the Bonds are subject to the detailed provisions of the Trust Deed, which includes the form of the Bonds. An agency agreement to be dated 21 June 2024 relating to the Bonds will be entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲) 股份有限公司) as the registrar, as the transfer agent, as the principal paying agent and any other agents named in it.

Questions about the terms of the Exchange Offer should be directed to the Dealer manager or the Information and Exchange Agent at their respective addresses and telephone numbers set forth below.

If you have questions regarding tender or exchange procedures, please contact the Information and Exchange Agent at the address and telephone number set forth below.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website. For any questions concerning exchange procedures or the Exchange Offer, please contact the Information and Exchange Agent at the address and telephone number set forth below.

Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

#### **THE INFORMATION AND EXCHANGE AGENT**

##### **D.F. King Ltd.**

Email: [newmomentum@dfkingltd.com](mailto:newmomentum@dfkingltd.com)

Transaction Website: <https://www.dfkingltd.com/new-momentum/>

##### **In London**

65 Gresham Street  
London, EC2V 7NQ  
United Kingdom  
Telephone: +44 20 7920 9700

##### **In Hong Kong**

Suite 1601, 16/F, Central Tower  
28 Queen's Road Central  
Hong Kong  
Telephone: +852 3953 7208

#### **DEALER MANAGER**

##### **Haitong International Securities Company Limited**

28/F, One International Finance Centre  
No. 1 Harbour View Street  
Central, Hong Kong  
Email: [project.eo625@htisec.com](mailto:project.eo625@htisec.com)